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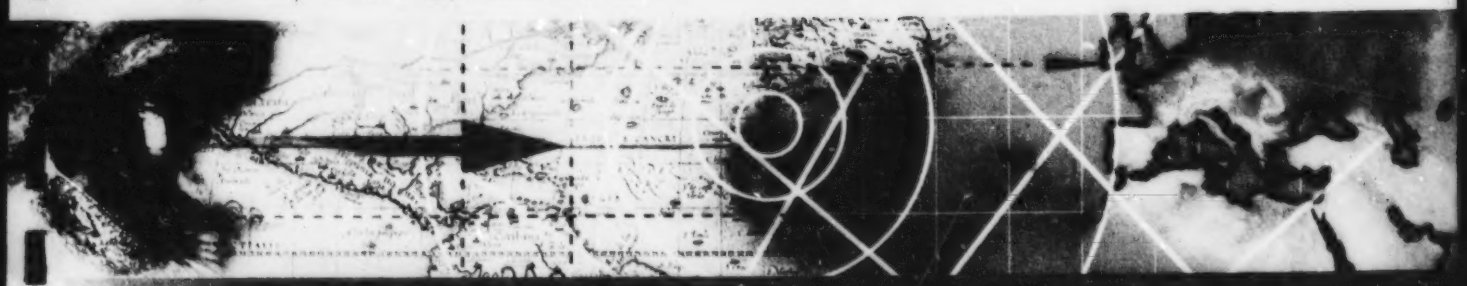

Agri-Food Trade Service

Service d'exportation agroalimentaire

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102-06104/

BUSINESS GUIDE:
EXPORTING AGRICULTURE AND AGRI-FOOD PRODUCTS TO TAIWAN

SECOND EDITION - DECEMBER 1999

PREPARED ON BEHALF OF:
ASIA-PACIFIC DIVISION, INTERNATIONAL MARKETS BUREAU, MISB
AGRICULTURE AND AGRI-FOOD CANADA

WRITTEN BY:
CANADIAN BUSINESS
DEVELOPMENT INTERNATIONAL

CBDI

AVAILABLE AT: http://ats.agr.ca/public/home-e.htm

Business Guide - Taiwan

Exporting Agriculture and Agri-Food Products to Taiwan - Second Edition was prepared on behalf of the Asia Pacific Division, International Markets Bureau, Markets Industry Services Branch of Agriculture and Agri-Food Canada (AAFC), by Canadian Business Development International (CBDI). It was researched and written by CBDI staff and edited in collaboration with AAFC in Ottawa and Trade Commissioners at Post in Taiwan. This business guide is designed to provide the Canadian exporter with a broad understanding of the factors and issues involved in exporting agriculture and agri-food products to Taiwan. As part of the Agri-Food Trade Service program, this Business Guide is intended to be an electronic, Web-based document, best viewed over the Internet. There are hot links and hyper-text links throughout the document, providing immediate access to further insights, contacts, and alternative sources of information. Although efforts have been made to avoid errors and inaccuracies in this document, it is not intended to be used as the only source of market information on this sector. We encourage the reader to use this publication as one of several resources for commercial dealings with Taiwan.

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Published by Canadian Business Development International.
Printed in Canada.

Disponible en français.

This document can also be obtained on the Internet from the Agri-Food Trade Service Web Site at:
http://ats.agr.ca/public/home-e.htm

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THE TAIWAN AGRI-FOOD MARKET

HIGHLIGHTS - HOT LINKS

- Taiwan is the 13th largest economy in the world
- Taiwan is one of the economies in the region least affected by the "Asian Flu"
- Canada does not have official diplomatic relations with Taiwan
- Taiwan's 1998 imports were US$104.7 billion
- Increasing agricultural imports
- Opportunities for Canadians

WANT MORE INFO? CLICK BELOW

- Agri-Food Export Market Assessment Report (EMAR)
- TradePort - Taiwan: Political Environment
- Asia-Pacific Volume I: International Marketing Data
- Dunn & Bradstreet Exporters Encyclopaedia

MARKET SIZE AND DYNAMICS

POLITICAL ECONOMY

DEMOGRAPHICS:

Taiwan is a small island group in Eastern Asia which lies about 90 miles east of mainland China and about 200 kilometres north of the Philippines. Taiwan borders the east China sea, the Philippine sea, the South China sea and the Taiwan Straits. The eastern two thirds of Taiwan is mostly rugged mountains, while the west has flat, rolling plains.

Government authorities on Taiwan refer to their administration as the "Republic of China". Canada maintains a "one China" policy and does not recognize the "Republic of China". This should not be confused with the People's Republic of China, situated on the mainland with its capital in Beijing. Taiwan is also referred to, particularly in international fora, as "Chinese Taipei".

Approximately 84 percent of the population consider themselves "Taiwanese", having originated in Fujian and adjacent areas of the mainland, then resettling in Taiwan over the past several centuries. Another 15 percent represent the most recent wave of immigration from China, since 1945. There is a small population of aboriginal Taiwanese. Mandarin and Taiwanese are widely spoken.

The country has a population of nearly 22 million, a vast majority of whom are literate and well educated, with a standard of living that is fairly high. The country uses the metric system of measurements and the national currency is the NT dollar.

POLITICS:

Over the past decade, Taiwan has made the transition from a single-party, authoritarian polity to a democratic, multi-party political system, with a voting age for citizens of 20. Martial law, which had been in force since the 1940's, was lifted in 1987.

Taiwan's constitutional system divides the government into five branches or Yuans. The five branches are:

- the Executive Yuan,
- the Legislative Yuan,
- the Judicial Yuan,
- the Control Yuan and
- the Examination Yuan.

At the top of this structure is the President.

ECONOMICS:

Over the past forty years, hard work and sound economic management has built the island of Taiwan into the world's 13th largest economy. Taiwan is an economic powerhouse with the world's third largest foreign exchange reserves, which as the end of 1998 stood at US$90.3 billion, and over US$215 billion in two-way trade. The economy grew at a rate of 4.8 percent in 1998, much lower than the 6.8 percent of 1997, but was still the highest in Asia. Taiwan's almost 22 million people enjoy a per capita Gross Domestic Product of US$13,200 with low unemployment and inflation.. As Taiwan has grown richer, the formerly authoritarian government has evolved into a democracy. Opposition by the People's Republic of China (PRC) to any recognition of Taiwan as a separate political entity has limited Taiwan's official diplomatic activity for years, but Taiwan has broad-based unofficial relationships with most of the world's major economies.

Due to limited resources, Taiwan is largely dependent on trade for its survival, with 1998 imports of US$114 billion. The island imports nearly all of its energy needs, most of the raw materials needed to maintain industrial production, and a diversity of manufactured and agricultural goods. Taiwan has a tradition of welcoming foreign investment and technology. Its educated workforce, advanced infrastructure, strategic location, and generally pro-business attitudes make Taiwan an excellent, if no longer low-cost, place to invest. Although there are obstacles, such as occasional local opposition, Taiwan has a great deal of investment potential. Taiwan is the world's largest supplier of computer monitors, motherboards, image scanners, mice, and keyboards. Electronic products, chemicals and industrial production machinery are other major exports.

WANT MORE INFO? CLICK BELOW

- US Department of Commerce: Country Commercial Guide (CCG)
- TradePort - Taiwan: Economic Policies
- Agri-Food Export Market Assessment Report (EMAR)
- Economist Intelligence Unit, First Quarter 1998 Taiwan report

These advantages help to explain the low unemployment rate, currently at 3 percent, as well as low inflation rates, 0.9 percent for 1997. Despite the "Asian Flu", the inflation rate did not rise, since the NT dollar has gained against most Asian currencies, despite a 20 percent drop against the US dollar. However, Taiwan's economic situation was affected by the economic hardship experienced by some of its major trading partners; notably Japan and Hong Kong.

A significant portion of Taiwan's economy is still in public sector hands, but the movement towards liberalization is clear. The Taiwan authorities continue to reduce tariffs as part of the country's desire for accession to the World Trade Organization. Accession is also prompting the removal of many of the non-tariff barriers that have limited agricultural imports. Restrictions on financial institutions are gradually being lifted. Several public sector firms have been privatized, and private sector competition is being introduced in telecommunications, power generation and oil refining and distribution.

THE ASIAN FLU:

Taiwan has been affected by the Asian market crash more commonly referred to as the 'Asian Flu'. In 1998, Taiwan was still suffering from these effects, as exports declined and domestic demand weakened. In an effort to increase domestic demand, the government launched a series of major public infrastructure projects and attempted to stimulate private investment. As a result, Taiwan's economy grew 4.8 percent in 1998, while inflation rose by only 1.7 percent. **Despite this, Taiwan is one of the economies least affected by the crisis, and its strong companies are making a rapid recovery.**

Factors which may affect this recovery are the damage to the South Korean currency, the won, as South Korea competes with Taiwan in several key export sectors. Taiwan may even be able to reap a benefit from the depreciation of the currency of a major competitor. Once the region's currencies return to equilibrium, Taiwan companies may find themselves in a stronger position.

WANT MORE INFO?
CLICK BELOW

- TradePort - Taiwan: Economic Trends
- InfoExport - Fact Sheet: Taiwan
- Agriculture and Agri-Food Canada (AAFC) - "Asia Watch"

Another factor in Taiwan's reaction to the Asian Flu is the effect on China's currency, the renminbi. A devaluation of the renminbi would hurt Taiwan's huge trade surplus with the mainland by making it more costly for Taiwan-invested firms in China to import equipment and materiels from Taiwan. Most notably, Taiwan's overall exports have fallen consistently through 1998, due to the faltering of traditional markets.

Taiwan will likely continue to stand out as the dry land in the regional financial storm. While its exports are being hit by weakening external demand, its imports are benefiting from the meltdown in international prices for raw materials (65 percent of Taiwan's total imports). Aided with inflation muted and no large trade deficit, the government can afford to fast track public projects. These positives should ultimately limit job losses and encourage consumer demand for products, including agri-food.

Canadian agri-food exports to Taiwan in the first half of 1999 were almost CDN$71 million, slightly down from the same period in 1997. Canadian agri-food exports trended upward in the remainder of 1999, particularly in pork, canola oil, animal feed, wheat and beef. (Taiwan Customs)

INTERNATIONAL RELATIONSHIPS:

Canada does not have diplomatic relations with Taiwan. Canada's "unofficial" interests in Taiwan are represented by the Canadian Trade Office in Taipei. The Office seeks to encourage, facilitate and increase, two-way trade, investment, academic and cultural links.

TRADE

WANT MORE INFO?
CLICK BELOW

- TradePort - Taiwan Food Market Report
- Agri-Food Export Market Assessment Report (EMAR)
- InfoExport - Fact Sheet: Taiwan
- Dunn & Bradstreet Exporters Encyclopaedia, pg 2-1290

Taiwan is an island economy with limited land resources for agricultural production. Consequently, it relies on imports in order to feed its population of almost 23 million. Traditionally, Taiwan's import market has been dominated by bulk commodities and intermediate agricultural products. However, in response to increasing income levels, a growing service industry, and rising health consciousness among consumers, the demand for imported consumer-ready food products has increased.

Taiwan's main trading partners include Japan, the United States and the European Union for imports, and exports mainly to the United States, Hong Kong, the EU and Japan.

Taiwan's 1998 total imports were US$104.7 billion (down 8.5 percent from 1997), with about two-thirds coming from Japan, the EU and the US combined. Taiwan used to be a major net exporter, but higher per capita income and WTO accession measures (i.e., lower tariffs) are increasing imports and thus shifting the trade balance in Taiwan. The top five import markets in 1998 were (in descending order) Japan, the US, Germany, South Korea, and Singapore. Canada was Taiwan's thirteenth largest import market.

Total bilateral trade between Canada and Taiwan was CDN$5.2 billion in 1998, down from CDN$5.6 billion in 1997. Canadian exports to Taiwan were affected by the Asian Flu, falling from CDN$1.6 billion in 1997 to CDN$1.2 billion in 1998. On the other hand, imports from Taiwan reached CDN$4 billion in 1998, up from CDN$3.5 billion 1997. Canada's trade deficit with Taiwan grew to CDN$2.9 billion in 1998, up CDN$1 billion.

Canada's main exports to Taiwan include: gold, organic chemicals, forestry products, electrical machinery, transportation equipment (motor vehicles, aircraft), resources (nickel, copper, zinc, mineral fuels), avionics, telecommunications, high-tech products, agri-food products, commodities and engineering fertilizers.

AGRICULTURAL CHARACTERISTICS

In the midst of Taiwan's general economic growth, the domestic agricultural sector has stabilized while agricultural imports increased. High and rising land costs, labour shortages, international pressures to liberalize trade, and the high cost of subsidization are some of the issues confronting the sector. Over the years, Taiwanese agriculture has shrunk to a minor part of their economy with farmers making up only 8.9 percent of the workforce and producing less than 3 percent of the island's GDP. Agriculture's share of exports declined even more severely to 4 percent, down from 95 percent forty years earlier. Domestic production is mostly by family farms. Taiwan is self-sufficient in rice, eggs, poultry and pork, but needs to import beef and food grains.

Taiwan is a net importer of food and agricultural products, with a trade deficit of US$4.6 billion in 1998. That year, agricultural exports declined 21 percent to US$3.2 billion and imports decreased 22 percent to US$7.8 billion. Major agricultural imports include wheat, corn, soybeans, and dairy products. An outbreak of Foot and Mouth disease in the spring of 1997 forced Taiwan to reduce its hog population by one third to 7 million heads. This outbreak has deprived Taiwan of exports to the lucrative Japanese market. Taiwan is still self sufficient in pork. Environmental pressure is pushing the government to take measures to reduce the number of pig farmers, encouraging small producers to get out of the industry all together. This factor may result in opportunities for Canadian producers in future years.

The Taiwanese government has plans to cut the agricultural workforce by more than 50 percent over the next ten years, as well as diversify production of rice which currently takes place on approximately one tenth of Taiwan's total area.

Agricultural activities are mostly located on the western plain, and northern and western coasts. About four million people, or less than one-fifth of the population, are still directly dependent on agriculture for their living and average farm size is about one hectare. Land use continues to shift away from agriculture mostly due to lack of profitability, labour shortages, and alternative land uses. Taiwan's people are attracted by higher wages and better working conditions offered by industrial employment. They nevertheless continue to exploit the family farm as a supplementary income. Eighty percent of Taiwan's farming households are on a part-time basis. In general, agriculture in Taiwan is tending toward more specialized large scale farming operations, especially in hog, rice, and sugarcane production.

WANT MORE INFO? CLICK BELOW

- Agri-Food Export Market Assessment Report (EMAR)
- Agri-Food Trade, An Action Plan for Taiwan
- Agri-Food Trade Service Online
- US Department of Agriculture: Attache Reports
- Pacific Food Outlook 1997-1998: Chinese Taipei

CONSUMER TASTES

The increasingly cosmopolitan Taiwan consumer, with a per capita income in excess of US$13,200, is now buying consumer goods and services unimagined a decade ago. This is a new market, in which brand loyalties for the most part are not yet strongly established. Importers have a good opportunity to increase their market presence before competitors become entrenched, since in many cases mass market imported food products have only just arrived and have an allure which their Taiwan-based competitors do not evoke.

WANT MORE INFO?
CLICK BELOW

- Agri-Food Export Market Assessment Report (EMAR)
- Agri-Food Trade, An Action Plan for Taiwan
- Agri-Food Trade with Taiwan
- InfoExport - Newsletter: Success in Taiwan
- InfoExport - Consumer Patterns, Preferences, and Shopping Habits in Taiwan
- TradePort - Taiwan: Food Market Report

Taiwan's youth is the catalyst for introducing new products and is the group most likely to adopt westernized consumption trends because of their exposure to international media, foreign education, and interest in western lifestyles. Today's older generation are loyal to the traditional "wet markets" because of convenient location, the concept of freshness, and the social element involved with meeting one's friends while shopping.

With consumers increasingly health-conscious, more Taiwanese families are buying pure and natural Canadian food products, such as Canadian beef, wheat, canola oil, bottled water, maple syrup, Yogen Fruz yogurt, St. Cinnamon's buns, and Clearly Canadian beverages. As well, Canadian wine, beer and whiskey are sold in Taiwan. Canada exported over CDN$150 million worth of agricultural products to Taiwan in 1998.

Due to changing dietary patterns associated with growth in income, the importance of rice and coarse grains in the diet has decreased relative to wheat and high protein foods. Per capita rice consumption declined from 140 kg in the mid-1970s to an estimated 75 kg in 1994-95. On the other hand, per capita consumption of wheat has increased from 34 kg to about 42 kg during the same period. Consumption of wheat-based snacks and other western type wheat-based foods is increasing. Total wheat consumption has increased from about 0.6 tonnes in 1975-76 to an estimated 0.9 tonnes in 1994-95. Taiwan imports nearly all of its wheat requirements.

Pork is the traditional meat in Taiwan. Per capita pork consumption doubled to 40 kg over a 20-year period, compared to 28 kg for Canada. Total pork consumption increased from 0.31 million tonnes in 1975 to 0.85 million tonnes in 1994. Per-capita consumption of poultry meat has increased steadily to about 26 kg in 1994, compared to 24 kg for Canada. In 1994, per-capita beef consumption in Taiwan was only 3 kg compared to 31 kg in Canada. However, beef consumption has been increasing and the potential for future growth remains strong. Domestic beef production is largely a by-product of the dairy industry. Cheese consumption in Taiwan is expected to increase moderately over the next five years, as Taiwanese eating habits become more westernized. In particular fast food chains and pizza chains are popularizing cheese consumption in Taiwan.

The Taiwanese prefer rice, fruit, dairy products, vegetables and tea, but their diet also includes all types of meat, fish, seafood and animal fat. With recent changes in lifestyle (smaller families and women working outside the household), Taiwanese consumers have become more cosmopolitan in their food habits, developing an interest in Western-style restaurants and supermarket food. Beer, cereals, health products, snack foods, confectionery, frozen food and fast-food type products are growing in popularity in Taiwan.

While concerned with price, the Taiwanese are willing to pay more for luxury items and have considerable brand loyalty. They are turning more to mass merchandisers (which are increasing in number) with their wider range of products. When brand is not important, Taiwanese consumers usually base their purchases on price, particularly in smaller, traditional stores with limited space.

WANT MORE INFO?
CLICK BELOW

- Products in this section:
  - Grains & Oilseeds
  - Red Meats & Meat Products
  - Special Crops
  - Fruits, Vegetables, and Horticultural Products
  - Dairy Products
  - Eggs & Poultry
  - Other Processed Products
- Agri-Food Export Market Assessment Report (EMAR)
- Agri-Food Trade, An Action Plan for Taiwan
- Agri-Food Trade with Taiwan

OPPORTUNITIES FOR CANADIANS

Agricultural imports are of great importance to Taiwan, and totalled US$7.8 billion in 1998, down from US$10 billion in 1997. The US is the largest exporter of food to Taiwan with a share of approximately 25 percent of the market. Imports from the US include goods such as fresh fruits and vegetables, fruit juice, beef, wheat, corn and soya beans. There exists a large and rapidly growing market for consumer ready, prepared foodstuffs.

GRAINS AND OILSEEDS

With domestic grain and oilseed production declining, there is potential for Canada to increase its market share of exports. Canadian exports of grains and oilseeds to Taiwan increased significantly in 1999.

- **WHEAT:** Wheat imports average 1 million tonnes annually. Canadian exports of wheat to Taiwan went from zero in 1993, to CDN$16 million in both 1994 and 1995 and to CDN$11 million in 1996, and are currently at CDN$8 million in 1999. Major competition is the US, although this situation has potential to change as Taiwan Flour Millers Association is becoming more liberalized and as individual members will likely make more independent buying decisions. Currently, however, Taiwan buyers still show a preference for US wheat.
- **BARLEY:** Barley imports are modest, averaging 300,0000 tonnes per annum. Canadian exports of barley to Taiwan were CDN$3.8 million in 1993, CDN$9.1 million in 1994, and zero since. Canadian malt exports were valued at CDN$106,000 in 1995. Beer production capacity expanded by 50 percent in 1996. A major constraint is very stringent specifications for malting barley which is unable to be sourced in Canada.
- **SOYBEANS:** Taiwan imports 2 million tonnes of oilseeds annually, most of which are soybeans. Canadian exports of soybeans are minimal but have had some measure of success, reaching CDN$116,000 in 1996, but falling back to CDN$53,000 in 1997. By October 1999, soybean exports to Taiwan were CDN$74,000. The market for food quality soybeans has increased rapidly over the last decade and niche opportunities exist for Canadian soybeans given their high quality and superior processing characteristics. Major competitor are the US and China.

- **CANOLA OIL AND SEED:** Canadian exports of canola oil increased substantially in 1998 to over CDN$31 million, up from over CDN$10 million in 1997. Canola seed access used to be subject to a tariff of 12.5 percent, but this has been reduced to be in line with the 1.5 percent for soybeans. There is a growing niche market for canola oil. The tariff for canola oil has also been reduced to the soy oil level of 6 percent. On the other hand, the tariff rate for sunflower oil, the main competitor in the Taiwanese health market is 30 percent. Malaysian vegetable oil is the major competitor in this market.
- **PET FOOD:** The pet food market in Taiwan is growing rapidly but they do not have the production capacity or resources to keep up with demand. Canadian exports of pet food to Taiwan increased from CDN$789,000 in 1997 to CDN$883,000 in 1998 and were over CDN$962,000 by October 1999. Dog and fish food are most popular in Taiwan. Major competitors are Australia, the US and France.

RED MEATS AND MEAT PRODUCTS

Canadian exports of red meat and animal products to Taiwan fell to CDN$56.9 million in 1998, down from CDN$84 million in 1997. Hides and skins made up the bulk of the decline, falling from CDN$73 million in 1997 to CDN$43 million in 1998. It is important to note that Taiwan's shoe industry is being transferred to lower production-cost countries which may shift Canadian exports elsewhere. Canadian exports of meat and edible meat offal to Taiwan increased CDN$2 million over the same period to CDN$11 million in 1998 and by October 1999 had reached CDN$16.6 million.

- **PORK:** Taiwan is one of the world's largest exporters of pork. However, an outbreak of foot-and-mouth disease (FMD) in the swine herd occurred in March 1997 in Hsingchu Prefecture, prompting a March 20 Taiwanese ban on pork exports. A total of 6,147 hog farms in 20 cities along Taiwan's west coast were stricken by the disease. The government soon exterminated all hogs at contaminated farms and imported 21 million doses of vaccines for healthy ones. Taiwan was a major pork supplier to Japan, with 40 percent of Japan's pork imports. Canadian pork processors may be able to capture some of this market because the relatively high price of locally produced pork is creating a strong demand for Canadian pork in Taiwan. Taiwan's imports of Canadian pork were CDN$2.1 million in 1998, up from CDN$94,000 in 1997. By October 1999, the figure had jumped to over CDN$8.8 million. As a result of the Taiwanese government's actions, the disease has been brought under control and the wholesale price of pork rebounded to normal levels. (Taiwan Yearbook, 1999)

  Due to limited land availability for hog raising and slaughtering operations as well as environmental concerns by the local residents, Taiwan is looking for sourcing opportunities from places like Canada for live hog and slaughtering, and have made investments in Canada. Canada can be a natural partner for Taiwan hog/pork export businesspeople for its land and hog operation base. Taiwan's export distribution network is well developed for exporting Canada-produced and processed pork products throughout the world. It seems a potential win-win joint venture investment operation for the hog and pork sector.

- **BEEF:** Taiwan's imports of Canadian beef have been growing in the last few years. Taiwan imports of Canadian beef were at CDN$3.6 million in 1995, jumping to CDN$7.9 million in 1997, with a slight dip to CDN$6.9 million in 1998. Per capita consumption is now at 3.2 kg per capita. Major competitors are Australia, New Zealand and the US. Registration of Canada A and AA graded beef within Taiwan's "Special Quality" tariff codes is being pursued.

SPECIAL CROPS

In 1998, the total export value for the category was CDN$12.5 million. The main products were alfalfa, hay, dried peas and ginseng.

- **ALFALFA AND DEHY HAY:** Alfalfa and dehy hay offer expansion potential as dairy production is increasing on limited land and Taiwan will have to rely increasingly on imports of livestock feed. Canadian exports to Taiwan increased from CDN$7.6 million in 1997 to CDN$9.1 million in 1998.
- **DRIED PEAS:** Canadian export of dried peas has also increased over the last few years to CDN$2.9 million in 1998. Canada is very competitive in terms of quality and price. Major competitors are Australia, US and Hungary.
- **GINSENG:** Canadian exports of ginseng to Taiwan fell from CDN$2.1 million in 1997 to CDN$509,000 in 1998. Canadian ginseng could benefit from growing health food markets. Major competitors are the US and China.

FRUITS, VEGETABLES, AND HORTICULTURAL PRODUCTS

In 1996, the total Canadian export value for the category was CDN$7 million enjoying a steady increase since 1992. The main products were apples, carrots and fruit juices.

- **APPLES:** Canadian exports of apple to Taiwan increased to CDN$1.1 million in 1998, up from CDN$974,000 in 1997. Gala and Fuji are the varieties preferred by consumers. Competitor are the US, Japan and Chile.
- **CARROTS:** For the first time, Canada exported carrots to Taiwan in 1998. This initial success led some Canadian suppliers to visit Taiwan to explore market opportunities for carrots and other vegetables. Initial reaction from Canadian industry participating in these visits is encouraging.

DAIRY PRODUCTS

Canadian exports of dairy products to Taiwan fell from CDN$3 million in 1996 to almost CDN$1.5 million in 1997 and further to CDN$1.1 million in 1998. Most of the exports were in the form of whey and butter. Major competitors are New Zealand, Netherlands, Australia and the US.

Demand in Taiwan for liquid pure milk and flavoured milk has been increasing steadily in recent years. With the probable removal of restrictions in connection with Taiwan's application for accession to the WTO, imports of these products could soar dramatically.

EGGS AND POULTRY

In 1998, Canadian exports to Taiwan for the category were for about CDN$1.8 million. Exports included live turkeys, processed eggs, and feathers and down. Exports of breeding stock and feathers fluctuate from year to year although they are expected to increase marginally through the next century. Processed egg exports are small but this is an expanding market.

Taiwan is self-sufficient in eggs and poultry, however the processed egg market is beginning to open up. US and Europe are major competitors for chicken breeding stock.

OTHER PROCESSED PRODUCTS

In 1996, the total Canadian export value for the category was CDN$4 million. The main products were food preparations, seaweeds and other algae, confectionery and snack foods.

- **SNACK FOOD:** The snack food market in Taiwan was valued at US$79.5 million in 1997, and is expected to increase by 8% annually through 2001, to reach US$108 million. Imports account for 35% of the market, a percentage that is growing as consumer preferences shift to Western-style snacks over traditional snacks.

  The snack food market is divided into three sectors: potato chips, savoury snacks, and snack nuts. Potato chips are the dominant sector in value sales, and have quickly replaced nuts and various savoury snacks as the preferred snack item. Canadian snack food exports to Taiwan in 1998 totalled US$40,000. Canadian exports continue to be limited due to the popularity of snack food from the United States, and that country's manufacturing capabilities.

  Taiwan's snack food market is dominated by Asian manufacturers. While traditional Asian snacks abound, Western-style snacks have a limited presence. There are opportunities to supply Western-style snacks with flavours targeted specifically at the Taiwanese market. Joint-venture partnerships with Taiwanese firms could provide Canadian exporters with market intelligence and increased access to the market.

- **CHOCOLATE:** Chocolate-based confectionery represents approximately 48 percent of the total market, while the remaining 52 percent is divided nearly equally between other hard and soft candies. To date, Taiwan has been unable to make satisfactory high quality chocolate products, thus nearly 90 percent of all chocolate-based candy is imported. Imported chocolate candy is perceived to be much higher in quality. Canadian exports of chocolate products to Taiwan reached CDN$253,000 in 1998, a marginal increase over the previous year.

WANT MORE INFO?
CLICK BELOW

- The Snack Food Market in Taiwan

WANT MORE INFO?
CLICK BELOW

- The Frozen and Processed Entrees Market in Taiwan

- **FRENCH FRIES:** Canadian exports of frozen french fried potatoes to Taiwan increased from CDN$1.8 million in 1997 to CDN$2.1 million in 1998. Exports were up to CDN$2.4 million by October 1999. Taiwan has a sub-tropical climate and extra care must be taken, when transporting frozen food. The major constraints are the infrastructure and the distribution chain. These will be improved by the modernization and restructuring of the food distribution and retailing sectors.
- **FROZEN & PROCESSED ENTREES:** While the frozen and processed entrees market in Taiwan is dominated by Chinese-style foods, the market possesses a growing Western-style food segment. Chinese-style foods, such as Chinese dumplings, wontons, fried rice meals, noodle dishes, and Chinese buns, occupy approximately 70% of the market. More than half of the remaining 30% is accounted for by pizza sales. The market for frozen food products has grown because advances in food quality and safety over the past decade have resulted in these products being perceived as fresh, safe, convenient, and time-saving.

  The demand for western-style frozen food is growing, driven by young Taiwanese exposed to foreign education and international media, with an interest in western lifestyles. Educational advertising aimed at promoting the use of microwave ovens could lead to added demand for prepared meals, since current use of microwave ovens for meal preparation is very low.
- **HEALTH FOOD:** A market for health food has emerged in the past decade. Because of the newness of this market and the traditional use of Chinese medicines there is a good potential for Canadian exporters to participate in the development of this market. The Taiwan health authorities strictly monitor imported food products for food additives and chemical residue. There are currently few health food imports into Taiwan but low brand-name recognition among consumers coupled with a growing segment of potential health food consumers give health food exporters a good chance to establish themselves in Taiwan.

TAIWANESE GOVERNMENT PROGRAMS

HIGHLIGHTS - HOT LINKS

- 72 percent of farms have less than 1 hectare of cultivable land
- No restrictions on the transfer, inheritance, and division of farmland
- Farmland Consolidation Program

WANT MORE INFO? CLICK BELOW

- Agri-Food Export Market Assessment Report (EMAR)
- Agri-Food Trade, An Action Plan for Taiwan.

Redistribution of income, from the urban to rural sectors and from non-farmers to farmers, has played a central role in Taiwan's agricultural policy. Policies have supported agricultural research, marketing, rural infrastructure, access to credit, and the promotion of agricultural-based industries in rural areas. The dominant forms of government intervention in agriculture in Taiwan however, are price supports and restrictive border measures. The government also provides production and marketing assistance to those farmers whose sales have been adversely affected by imports.

Under the Rice Policy, the government purchases rice at a guaranteed price much higher than the market price. The favourable support stimulated rice production to such an extent that a rice diversion program was needed. This program provides a subsidy to farmers who convert their rice fields to the cultivation of other crops. The government's support for those alternative crops are in the form of guaranteed purchases and compensation payments.

Due to concerns about waste pollution from the large and intensive hog industry, the Taiwanese government implemented a Hog Policy Adjustment Plan. The Plan targeted a 25 percent reduction in pig production but because pork exports were, until now highly profitable, the reduction was not achieved. The plan now focuses on reduction of pig waste and meeting waste water standards.

LAND OWNERSHIP IN TAIWAN

SPECIAL NOTE

This section has been provided by the Canadian Trade Office in Taipei.

In mountainous Taiwan, farming is largely restricted to the island's arable western slope lands and alluvial plains. **Farming plots tend to be small, with 72 percent of farming households having less than 1 hectare of cultivable land.** The small average size of farming plots has created a huge obstacle to modernizing Taiwan's agricultural sector, since advanced methods of farming depend on the economies of scale generated by large farms. As a result, advances in farming efficiency have not kept pace with other sectors, and in many cases, the land has ceased to be profitable for farming. About 10 percent of total farmland in Taiwan is left fallow because it is no longer profitable.

To address this situation, the government has been working in cooperation with farmers' organizations and other agencies to convert unprofitable farmland to other uses, consolidate plots into more easily farmed divisions, and gradually reduce excess farmland. **On July 11, 1996, the Executive Yuan passed amendments to the *Agricultural Development Act*, lifting restrictions on the transfer, inheritance, and division of farmland.**

FARMLAND RE-ZONING

On July 27, 1995, the Executive Yuan passed the Farmland Release Program to ease restrictions on farmland re-zoning. Some 160,000 hectares of farmland have been targeted for release, including:

- 78,000 hectares of coastal subsistence area,
- 50,000 hectares of polluted area, and
- 27,000 hectares of low productive farmland.

Fish farms in subsidence areas are given priority for release with the goal of reducing the present 50,000 hectares by 40 percent over the next ten years.

The minimum area for plots released for the construction of labourer housing is five (5) hectares; and for residential use, at least thirty (30) hectares. If farmland transferred to industrial use is not developed within two years after the transfer, the transfer is automatically invalidated. To ensure safe and efficient land use, all development on re-zoned farmland must be in accord with the government's environmental and development policies.

To prevent windfall profits, those who transfer farmland to industrial or commercial use are required to pay a usage fee of up to 12 percent of the current assessed price of the transferred land; half of which is donated to government agriculture agencies, and half to local governments. At the same time, 30 percent of the land must be donated to the government for "green belts or infrastructure projects." To encourage businesses to move to mountainous eastern Taiwan and to accelerate offshore island development, farmland released in Ilan, Hualien, Taitung, Penghu Islands, Kiumen, and Matsu is exempted from usage fees. As of March 1997, some 3,170 hectares had been released under the Farmland Release Program, and an additional 2,921 hectares were in the process of being released.

FARMLAND CONSOLIDATION

The farmland consolidation program is designed to combine scattered, odd-shaped plots of farmland into one large "pie" which is then cut into easily farmed slices. The re-shaped plots of land are then redistributed, giving each farmer a plot of land exactly the same size as the one he formerly owned but much better proportioned. Under the program, some 378,000 hectares of farmland were consolidated between 1958 and 1996, and an additional 1,800 hectares were slated for consolidation in 1997. Farm roads and irrigation ditches that serve these areas are also being improved, rebuilt, and repaired. This program is helping to overcome some of the shortcomings of small-scale farming, reduce production and marketing costs, and increase operational efficiency.

FOOD DISTRIBUTION CHANNELS

HIGHLIGHTS - HOT LINKS

- Local representation is essential to foreign sales efforts in Taiwan
- Letters of credit are the most commonly used payment method
- 60-70% of fresh food sold in Taiwan goes through traditional channels
- Detailed list of retailers in Taiwan

The distribution sector in Taiwan has undergone a number of significant changes what will effect food imports. Both retail stores and food distributors have altered their operations in order to compete in an increasingly complex marketplace. Most large chain stores have created in-house distribution systems which has limited the impact of wholesalers who once dominated food distribution. Imported products generally rely on agents and sales representatives for product promotion and to gain entry into Taiwan.

The three basic types of channels of distribution in Taiwan are:

- Private traders who are importers and wholesalers who buy and sell on their own account;
- End users such as manufacturers and public utilities; and
- Public trading agencies.

AGENTS

WANT MORE INFO? CLICK BELOW

- Agri-Food Trade with Taiwan
- Trade Point - Taiwan
- TradePort - Taiwan: Marketing Products & Services
- Asia-Pacific, Volume I: International Marketing Data
- Dunn & Bradstreet Exporters Encyclopaedia

Local representation is essential to foreign sales efforts in Taiwan.

The appointment of a local agent\distributor is often the only way to penetrate the marketplace. Many importers of consumer products to Taiwan first establish a local distributor and later appoint an agent to manage the local distribution network. The following five types of representative relationships are used in Taiwan:

- **COMMERCIAL AGENT (DAI BAN SONG):** The commercial agent is commissioned by a business entity to act in the name of the principal in a designated geographic area. If the duration of the agreement is not fixed, either party may terminate provided a three-month notification is given.
- **GENERAL AGENT (DAI LEE):** This type of agent acts in the name of the principal and within the area of the agent's delegated authority. Termination is permitted during the existence of the legal relationship.
- **BROKERAGE (CHU CHIEN):** The Chu Chien includes the agreement of one party to inform the principal of the opportunity for the conclusion of a contract in return for a given commission. Termination is done by the agreement of parties.
- **COMMISSION AGENT (HANG CHI):** The commission Agent undertakes business on behalf of the principal in his own name in return for a commission.
- **MANDATE (WEI JEN):** The Wei Jen is a contract whereby the agent assumes the principal's affairs. Either party to a contract of mandate can terminate at any time. If termination occurs at a time harmful to the other party, the party responsible for the termination may be held liable for any other applicable injuries.

Guidelines for termination vary among the different types of agents. Foreign suppliers should seek legal representation to determine the proper form of contract and the provisions for each different agency form. Generally speaking, termination may be made for breach of contract. However, under article 549 of the Taiwan civil code, termination without just cause may make the terminating party liable for damages incurred by the affected party.

It is important to point out that the letter of credit is the most commonly used method of payment. Most importers routinely use 60- to 90-day letters of credit, but letters of credit of up to 180 days are available.

DISTRIBUTORS

Distribution and marketing channels in Taiwan are long and complex, with multiple shipping and brokerage stages. The process involves various layers of middlemen, causing high markups, which in turn inflate food prices. A trend toward more direct marketing, modelled on the Western-style supermarkets and hypermarkets, is beginning to reduce the number of food distribution channels. About 30 percent of all food products in Taiwan are sold through these types of outlets.

WANT MORE INFO? CLICK BELOW

- Agri-Food Trade, An Action Plan for Taiwan
- Agri-Food Export Market Assessment Report (EMAR)
- TradePoint - Taiwan: Food Market Reports

- Additional information on agents and distributors can be found at the Canadian Trade Office in Taipei.

Distribution companies have developed with the growth of hypermarkets, supermarkets, convenience stores, and restaurant chains. Unlike wholesalers, distributors usually do not take ownership of the products which they distribute. Instead, distribution companies specialize in providing such services as delivery, inventory tracking, invoicing, and bill collection. Their fees are calculated and charged according to frequency of delivery, distance, weight, space, and whether or not the products require special handling, which is usually in the form of refrigerated transport. Local experts estimate that approximately 40 percent of all distributors specialize in the distribution of frozen and chilled foods, 50 percent specialize in dry foods, and the remaining 10 percent are capable of handling both. According to industry experts, the large retail chains would like to consolidate deliveries under one distribution firm. However, no distribution firms currently have the capability to service clients island-wide in all product categories.

With increasing frequency, distribution centres are owned by a market who supplies their own outlets. Private distribution centres also exist, but have no specific market ties, which means they can supply either independent outlets or other chain stores. They follow the standard chain of importer to distributer to outlet.

FOOD PROCESSORS

In 1998, the value of Taiwan's food and beverage production was US$14.6 billion. Production has declined over the last two years due to the outbreak of foot and mouth disease in March 1997 had a ripple effect throughout the food and agricultural sector. The second factor was the impact of the Asian Flu. The Sector is estimated to use approximately US$1.2 billion in food ingredients annually.

WANT MORE INFO?
CLICK BELOW

- US Department of Agriculture: Annual Marketing Plan - Taiwan
- US Department of Agriculture: (Global Agriculture Information Network) Taiwan Exporter Guide - 1999
- TradePort - Taiwan: Food Market Reports
- Pacific Food Outlook 1997-1998: Chinese Taipei

The most important sectors of domestic food processing are frozen foods and snack foods. Frozen food production showed 88 percent growth over the past five years. Meat products accounted for 64 percent of all frozen foods, prepared food 23 percent, seafood 10 percent, and fruits and vegetables 3 percent. Frozen foods have market potential because they suit modern lifestyles and are included in a Chinese Agricultural Standards (CAS) promotion program. The CAS is a voluntary licensing program for local manufacturers. The program was initiated in 1987 to promote domestic food and agricultural products and guarantee high quality and safe food supply. Approximately 90 percent of frozen food products from Taiwan have CAS logos.

The snack food market in Taiwan is expected to reach US$108 million by 2001. Domestically produced products supply 80 percent of the market and imported goods have a 20 percent market share. Raw materials are mostly imported, therefore domestic snack foods face strong competition from imported goods in terms of price. They are therefore particularly conscious about local tastes in flavours and packaging. Reportedly, local producers spend about 10 percent of their sale value in promotion activities and advertizing.

WHOLESALERS

WANT MORE INFO?
CLICK BELOW

- TradePort - Taiwan: Food Market Reports
- InfoExport - Consumer Patterns, Preferences, and Shopping Habits in Taiwan

Food and beverage wholesalers in Taiwan can be defined as firms that purchase a product in bulk volume from suppliers. Taking ownership of the product, these firms then resell the product either to another, usually smaller, wholesaler or to a retailer. Wholesalers usually manage their own warehouse, maintain inventory, and either operate their own transport vehicles, or subcontract the delivery to local transport companies.

According to a study by the World Economic Society, there are currently 13,000 food and beverage wholesalers on Taiwan. About 50 percent of these wholesalers handle unprocessed food only, while the remaining 50 percent handle processed food and beverages.

According to local experts, the number of wholesale firms and the volume of products that are handled by wholesale firms will decrease. As indicated above, their overall impact on the food market has diminished significantly, particularly due to the large hypermarkets having built in-house distribution channels for their products.

Wholesale Markets

There are approximately 158 agricultural wholesale markets for unprocessed foods around the island. Of these:

- 71 are fruit and vegetable wholesale markets,
- 63 are fish markets, and the remaining
- 24 are for locally produced livestock.

The wholesale markets offer such services as: auctions, cool storage, inspections, disinfections, and environmental sanitation. The markets are licensed by the government, their fees set and collected through government regulation, and the buyers are screened and licensed by local governments.

Although licensed by the government, wholesale markets are privately operated. Approximately half are managed by corporations while the other half are operated by farmer/fisherman's associations.

Retailers

Retail operations in Taiwan have been influenced by European, Japanese and American-style retailing for daily consumed products resulting in an expansion of the number of modern supermarkets, hypermarkets and convenience stores. Factors favouring the growth of modern food retail outlets over the traditional wet market are population increase, rising per capita incomes, greater number of women working outside the home and the liberalization of the market.

Taiwan's food retailing, as it exists today, is a composite of traditional markets, supermarkets, convenience stores, department stores, the newer development of hypermarkets and warehouse club stores. Fast food chains are also making an impact by not only introducing typical Western-style foods, but also re-introducing traditional Oriental-style foods in a fast-food format. Throughout the island, the government operates over five hundred private discount shopping outlets, where teachers, military and government personnel can purchase goods at 25 percent lower prices than at supermarkets.

The following types of outlets currently claim 40 percent of the retail space in the Taiwan food market:

- Hypermarkets and warehouse stores (Makro, Carrefour, Cassino and Price-Costco),
- Supermarkets (Wellcome, Sung Ching, Sinon, and Far Eastern), and
- Convenience stores (7-11, Circle K, 3Q, Family Mart, and others)

The older retail formats such as traditional markets, small grocery stores, and government stores, although declining, still claim 61 percent of the retail space for food. **By all accounts, 60-70 percent of the fresh food sold in Taiwan goes through traditional channels such as wet markets and "Mom & Pop" stores, leaving the modern retailers to supply the remaining 30-40 percent.**

Want More Info? Click Below

- Agri-Food Export Market Assessment Report (EMAR)
- Food Market Overview
- InfoExport - Consumer Patterns, Preferences, and Shopping Habits in Taiwan
- TradePort - Taiwan: Food Market Reports

WANT MORE INFO?
CLICK BELOW

- Euroview, June-July, 1998: "Hypermarkets and Convenience Stores Rule in Taiwan"
- USDA / FAS "Taiwan- Retail Food Sector Report, 1999"

SUPERMARKETS

Supermarkets first appeared in Taiwan in the late 1980's and now total just under 1,000 outlets, of which the largest chain is Dairy Farm's Wellcome, with 96 stores. This is the only major supermarket chain to have survived unscathed from the intense competition from the hypermarket and convenience store sectors. Supermarkets average 7,200 to 11,000 square feet. They retail both processed and unprocessed food and beverages. Large supermarkets chains usually operate their own distribution network or employ an affiliated distribution centre to operate exclusively for their own chains of stores.

HYPERMARKETS

Since the late 1980's, hypermarkets have been growing in popularity in Taiwan. In 1999, hypermarkets and convenience stores dominate Taiwan's modern food retailing industry, having squeezed out all but the major supermarket chains. The two largest hypermarket chains in Taiwan are European giants Carrefour and Makro, accounting for 31 of Taiwan's 97 hypermarkets and discount warehouses between them.

At the time of writing this document, Carrefour had 22 stores with over US$1 billion in sales in 1998, while Makro's 9 stores had sales of over US$570 million in 1998.

WANT MORE INFO?
CLICK BELOW

For the most up to date information on the various retail establishments in Taiwan, Canadian exporters are advised to contact:

The Canadian Trade Office in Taipei

CONVENIENCE STORES

Taiwan's first convenience store opened in 1980. In 1999, there were 7,534 convenience stores in Taiwan. 5,260 of the these are chain stores that belong to 12 major convenience store chains, the majority of which were located in North Central and Southern Taiwan. The largest of these convenience chains is 7-Eleven, which is opening 200-250 stores per year and closing others which are less profitable. By late 1999, there were 2,221 7-Eleven stores in Taiwan.

Convenience stores sell both dry and frozen processed foods and beverages. Retail space is 990 to 1,100 square feet on average. Company-owned convenience chain stores usually maintain affiliated distribution companies and purchase directly from manufacturers through the firm's head offices.

For a detailed list of Supermarkets, Hypermarkets, and Convenience Stores in Taiwan, please follow this link to **Annex 1**

CO-OPERATIVES

Nearly 25 percent of Taiwanese regularly buy at co-operatives. The Taiwan Farmers Association is the main co-operative in Taiwan. Overhead at co-operatives is usually 25 percent less than elsewhere. They are exempt from the value-added tax and have considerable purchasing power.

Agricultural Co-op Supermarkets are established and operated by Taiwan Farmer's Associations and Co-Ops. Each Co-op Supermarket chain is controlled by the local association to which the store belongs. These supermarkets carry imported processed and unprocessed foods and beverages as well as domestically manufactured items.

Traditional Markets (Including 'Wet' Markets)

Traditional markets, which are serviced by a network of wholesalers, are being replaced slowly but surely, by more modern retail formats such as supermarkets, convenience stores and the newer hypermarket or warehouse store. Traditional markets have little central control or organization, lack refrigeration, and generally only market fresh (un-processed) food products and practically no branded products. However, approximately 80 percent of the fresh fruits and vegetables are still marketed in traditional outlets. Consumers shopping in these markets believe produce sold in supermarkets to be inferior and less fresh.

Want More Info?
Click Below

- Agri-Food Export Market Assessment Report (EMAR)
- Food Market Overview
- InfoExport - Consumer Patterns, Preferences, and Shopping Habits in Taiwan
- TradePort - Taiwan: Food Market Reports

Most traditional markets are located in high population density areas and rural areas where the modern formats have yet to penetrate. Two-thirds of the traditional markets are publicly controlled. There are also innumerable street vendors who should obtain the permission of the store owner or public building where they are located in front of. Traditional markets have a prevailing culture which emphasizes personal relationships between producers, wholesalers, retailers and consumers. Many older, less educated consumers prefer to shop in the traditional or wet market for this reason.

While traditional markets continue to represent the bulk of fresh produce sales, their limited trading hours make shopping inconvenient, particularly for the new consumer on Taiwan. Supermarkets and hypermarkets are also beginning to seriously challenge the traditional market for the sale of fresh produce with new wet market-like sections within their modern facilities.

Food Service Industry

The food service industry in Taiwan is about a US$9.5 billion sector and represents 25 percent of the total food market in Taiwan. The food service sector has shown strong growth throughout the past decade which reflects a combination of three major macro-economic trends:

- Overall growth in per capita income - approximately US$13,000;
- Demographic shifts in the structure of Taiwan society; and
- Government changes in policies concerning liberalization and internationalization as Taiwan prepares to join the World Trade Organization.

Growth in the food service sector to date has been well above the growth in national income because of basic shifts in Taiwan's demographics. These include industrialization and the transition from rural to urban society, increased female participation in the labour force and a decline in savings rate, which has supported above average growth in consumer spending.

These factors have led to a major increase in the frequency of dining out, which now accounts for about 25% of total expenditure on food and beverages, as well as an increase in the amount spent on dining out.

WANT MORE INFO?
CLICK BELOW

- Food Service Industry in Taiwan (Asia Pacific Research)

Food service selection is increasingly determined by perceptions of culinary choice, fashion, convenience, life-style and entertainment.

Consumers are paying increased attention to health issues. Low-fat and sodium diet, for example, has become a fashionable trend.

In the mid-1980s, the demand for convenience fuelled rapid growth in fast-food and boxed-meal restaurants for office workers and, to a lesser extent, take-out meals for home consumption. McDonald's and Pizza Hut from the west and Ushinoya from Japan have been major foreign players.

More recently, life-style, fashion and the demand for high quality formats have attracted an increasing number of international franchises and upscale restaurants. These include TGIF, Haagen Daz, Starbucks and Tony Roma from the West, as well as Japanese and Thai food chains.

Opportunities for Canadian imports mainly lie in categories where the local production cannot meet the local demand, either in terms of quality or supply sufficiency. These categories include beef, offal, vegetables for Western cuisine, apples and cherries, processed food and seafood.

CONSUMER ADVERTIZING

WANT MORE INFO?
CLICK BELOW

- TradePort - Taiwan: Marketing Products & Services

Taiwan businesspeople are active participants in the global marketplace. They read trade journals from the US, Europe and Japan, participate in the major international trade events and are well aware of current trends in their industry.

There are local trade shows for most major industries. The China External Trade Organization (CETRA) is the co-organizer of many of these shows (usually in conjunction with the relevant industry association). A local partner can give the best advice on where and how to advertise, but participation in the major trade shows and placing advertizements in the relevant Taiwan trade journals and industry newspapers is important.

More information on shows can be obtained from CETRA.

Advertizing Facts

There are 32 daily papers with a combined circulation of about 4 million copies. Most of these are published in Taipei, including two English language newspapers, the China Post and the China News.

There are also about 4,500 magazines in Taiwan, though general interest periodicals are uncommon. Specialised magazines are prevalent, including several women's magazines and the Chinese edition of Reader's Digest, which is extremely popular.

There are 4 island wide commercial television networks Run by the two main political parties, the Taiwan provincial government, and the military. As well, in 1993, Taiwan's cable-television law went into effect, dividing Taiwan into 52 cable districts and allowing up to 5 cable stations to operate in each district. An estimated 60 percent of Taiwan households, approximately 3.3 million, subscribe to cable television, and that percentage is expected to grow to 70 percent by the year 2000.

For More Information, please see:
Dunn & Bradstreet Exporters Encyclopaedia

The print media, radio, television and cinema are often used for advertizing purposes. Television and newspapers are the two most common forms of advertizing, with approximately 80 percent of all billings generated through the use of these two media. Advertisers predict that this trend will continue in the coming years due to new legislation, cable TV's rapid growth, and the print media's proliferation. Radio, outdoor advertizing, direct mail, magazines and movies follow in order of usage.

Taiwan's advertizing is regulated by the Government Information Office (GIO) and broadcast advertizing by all stations must be authorised by the GIO. No advertizing can be broadcast without a GIO certificate. The certificate is valid for one year, but under certain circumstances, the validity may be shortened. In addition, if the advertisements involve medicine, food, cosmetics, medical facilities, medical skills or medical procedures, they must be submitted to responsible government health agencies for approval and certification.

The availability of inexpensive, mass-produced, transistorized radios and the proliferation of radio stations throughout the island has made radio a popular medium for advertizing in Taiwan. There are 12 state run and a further 21 privately run radio stations. The English language station, International Community Radio Taipei (ICRT) is Taiwan's third most popular radio station. Although it is noncommercial and nonprofit, sponsors are allowed five minutes of announcements per hour.

Product Adaptation

Want More Info? Click Below

- Canadian Trade Office in Taipei: Taiwan Information.
- TradePort - Taiwan Marketing Products & Services
- Migra International Ltd: Canadian Export Guide to Taiwan

The electricity supply in Taiwan is regular and constant, and runs at 110/220 volts, 60 cycles AC.

The most important consideration for most Taiwanese buyers is initial price. The most common complaint against North American goods is that their price is too high. Taiwan businesspeople are notoriously short-term oriented and North American firms are frequently frustrated by the fact that most Taiwanese firms do not consider the life-cycle cost of a product when making a purchase. Although attitudes are slowly changing, most Taiwanese firms will only pay a higher price for a product if they see an immediate payoff in reduced costs. It is difficult to sell a product that is more expensive now, but which will be cheaper over two years -- increase the payback time to four or five years and the sale becomes almost impossible. After price, the next most important considerations are quality of the goods and after-sales service.

LOGISTICS

PASSPORTS

Taiwan's regulations require that foreign passport holders have a minimum of 6 months validity left on their passports at the date of entry into Taiwan. Those with less than 6 months validity on their passport will not be permitted to enter.

LABELLING

HIGHLIGHTS - HOT LINKS

- Exporter is responsible for labelling regulation compliance
- 40% of all freight must be handled by Taiwan carriers
- Export packing and marking can be done by a freight-forwarder

Taiwan's labelling regulations require that the net contents of packaged goods be shown in metric units, although dual labelling in metric and non-metric units is permitted.

As of March 1995, Taiwan tightened regulations on Chinese labelling for food items, expanding coverage to all food products sold at retail and requiring the labels to be affixed prior to customs clearance.

As of March, 1995, importer labels must not only have the manufacturer's English label, but also a label in Chinese which contains:

- ingredients
- weight
- manufacturer's full company name, address and phone number
- importer's full company name, address and phone number
- expiration date
- shelf life or best before date

It is important to note that the exporter is ultimately responsible for compliance with Taiwan labelling regulations.

PACKAGING

WANT MORE INFO? CLICK BELOW

- Agri-Food Export Market Assessment Report (EMAR)
- Agri-Food Trade, An Action Plan for Taiwan
- Migra International Ltd- Canadian Export Guide

Processed foods have to meet the following packaging requirements: metric or dual measurements, content description, country of origin markings and all printed in Chinese although bilingual packaging is permitted.. Markings of shipped goods must be in order as per regulations.

Attractive packaging is a major marketing requirement. Although Canadian agri-food products are regarded as being of good quality, its packaging does not always fit its image of high quality product. In contrast, Japanese products are priced higher but are successful in Taiwan as they have a high quality image and are packaged attractively.

Packaging is very important as the product needs to be identified as very natural to receive consumer acceptance. Packaging also has to be adapted to Taiwan temperature and humidity conditions

There are no restrictions on the type of packing materials used with shipped goods.

SHIPPING

Shipping goods into Taiwan must be done by air or by sea. There are forty-one airports throughout the island, including two large international ones: Chiang Kai-Shek, in Taipei and another in Kaohsiung in the southwest. The five sea ports are spread about, in Keelung near Taipei, as well as in Hualien, Kaohsiung, Suao, and Taichung. Kaohsiung is the fourth busiest port worldwide by measure of overall container volume.

Once on the island, it is possible to transport by rail to an extent, as well as by road. The railroad almost completes a circle around the outside of the island, a total of 4,875 km. Highways circle Taiwan, with six highway networks covering about 20,000 km. In the city of Taipei for example, it is difficult to move goods as the streets are narrow and busy, allowing only small 1.7 ton trucks to be used.

Forty percent of all freight must be handled by Taiwan carriers. Priority must be given to Taiwan carriers for importation of soybeans and soybean flour, wheat, barely, corn, sorghum, rape seed and raw cotton. Taiwan does not permit foreign ocean carriers to truck containers to their final destination.

Generally, all transportation from China must be routed through a third country. With the transfer of Hong Kong to Chinese control, Taiwan has designated Kaohsiung as an 'off shore' transit centre open to direct shipment from China.

WANT MORE INFO? CLICK BELOW

- Agri-Food Export Market Assessment Report (EMAR)
- TradePort - Homepage
- Dun & Bradstreet Exporters Encyclopaedia

INCOTERMS 1990

GROUPS		MODES
EXW	Ex Works	Air Truck Rail Ship
FCA	Free-Carrier	Air Truck Rail Ship
FAS	Free-Alongside-Ship	Ship
FOB	Free-On-Board	Ship
CFR	Cost and Freight	Ship
CIF	Cost, Insurance, Freight	Ship
CPT	Carriage Paid To	Air Truck Rail Ship
CIP	Carriage and Insurance Paid To	Air Truck Rail Ship
DAF	Delivered At Frontier	Air Truck Rail Ship
DES	Delivered Ex Ship	Ship
DEQ	Delivered Ex Quay	Ship
DDU	Delivered Duty Unpaid	Air Truck Rail Ship
DDP	Delivered Duty Paid	Air Truck Rail Ship

Source: Export-i Business Guide, Exporting Agriculture and Agri-Food to Mexico

Marking of Shipping Cases

All import cargo must bear a mark of distinctive design, a set of three or more letters, or a combination of design and letters indelibly painted, stencilled, stamped or burned into the packing or the cargo itself. For cargo packed in cases, boxes, crates, casks, drums or cylinders, each container should bear a separate number which cannot be repeated for two years. Bags or bales should also bear a non-recurring number, date or set of three or more letters. In addition, each package of a consignment should be numbered consecutively. Numbering is not essential for large lots of cargo, except when packed in cases, boxes or crates, provided that each package of the cargo contains identical weight.

Warehousing

Bonded storage facilities are available in Taiwan and are limited almost entirely to those warehouses under the direct supervision of the Directorate General of Customs. Goods can be entered into bonded warehouses upon entry into Taiwan, provided the consignee has made prior application to customs for such entry. Importers and exporters must deal with bonded warehouses directly, banks cannot act as agents in this process.

Free-trade Zones

Though Taiwan has no duty-free foreign trade zones or free ports, it currently has three export processing zones (EPZs) and is planning additional zones. Two of the zones are located at Kaohsiung, and the third is at Taichung. Industries wishing to set up in these zones are expected to produce for export, although special permission to sell to the local marketplace may be obtained. Each zone caters to a specific industry and all operations in these zones are free of import duties and commodity taxes on imports.

Enterprises planning to set up in these zones are expected to invest in new or underdeveloped industries, make a minimum capital expenditure and make full use of the land. Enterprises planning to operate outside these zones are permitted to set up bonded warehousing facilities.

Want More Info?
Click Below

- Asia-Pacific, Volume I, International Marketing Data
- Dun & Bradstreet Exporters Encyclopaedia

Customs Brokers & Freight Forwarders

Freight Forwarders

Freight forwarders are independent companies which handle export shipments for a fee. They provide advisory, administrative and physical services to facilitate exports. Freight forwarders can arrange shipments for Canadian exporters using any mode of transportation. They offer a complete service package that can be especially valuable to the first-time exporter; are an excellent source of information on regulations, documentation and shipping methods; and can save the exporter money on transportation rates because of economies of scale.

First time exporters may find the complete service package offered by a reputable freight forwarder especially worthwhile. The services typically include the following:

- Providing or arranging shipment handling, including packing and crating, marking, inspection and storage;
- Preparing documents for shipping and customs, as well as translating, certifying and transmitting documents, and obtaining permits, licences and certificates;
- Providing financial assistance such as negotiating letters of credit (L/Cs), arranging collections, placing insurance and filing insurance claims;
- Prepaying and collecting freight charges;
- Providing advice about foreign requirements, transportation, government regulations, customs procedures, and project management; and
- Assisting with transportation arrangements, including selecting routes and carriers, negotiating rates, booking transportation space, securing charters, consolidating shipments, arranging local delivery, tracing shipments and leasing equipment.

Want More Info?

CLICK BELOW

For more information on freight forwarders and shippers in Canada, contact the:

- Canadian International Freight Forwarders Association Inc. (CIFFA)

Custom Brokers

Customs brokers facilitate the importation process and are a valuable business tool. They are familiar with complex international trade laws and regulations, not only in Taiwan but elsewhere in the world. Typically, the Canadian exporter will deal with a single Canadian broker who will make arrangements with its counter-parts to handle the shipment every step of the way. Nonetheless, it is useful for the exporter to understand the role of brokers.

Want More Info?

CLICK BELOW

For more information on customs brokers in Canada, contact the:

- Customs Brokers Limited / International Transport

EXPORT DOCUMENTATION

HIGHLIGHTS - HOT LINKS

- **Exporters must complete an export declaration known as a Form B13 for all shipments leaving Canada (except to the US) if their value exceeds CDN $2,000**
- **A certificate of origin is required with any kind of food additives and agri-chemicals**
- **Certain import regulations are available in Chinese only, thus Canadian exporters are strongly encouraged to find a local partner to assist them in marketing food and beverages to this market**

WANT MORE INFO?

CLICK BELOW

- Dunn & Bradstreet Exporters Encyclopaedia
- Migra International Ltd: Canadian Export Guide
- US Department of Commerce Country Commercial Guide (CCG)

Of the total 9,464 items in Taiwan's current tariff schedule (HS), 7,879 or 83.25 percent may be exported. In the past, most exports required export permits. As of April, 1997, 1,585 items or 16.75 percent require export licenses.

Licenses are required for the following reasons:

- Implementation of quantitative restriction arrangements on export of textile and garment products to the US, Canada, Brazil and the European Communities (EC).
- National security, i.e. the security of supply of certain daily necessities and important industrial materials, including rice, salt, coal and uranium.
- Implementation of trade and social policies, i.e. the export of munitions and armaments, high-tech equipment and supplies, and narcotics.
- Protection of intellectual properties and endangered species of wild fauna and flora.
- Concern over hygiene and health of certain products.

COMMERCIAL INVOICE

A commercial invoice is required although there are no requirements for a specific form. The commercial invoice must show:

- the import licence number;
- names of seller and buyer;
- marks and numbers on each package;
- number of packages;
- full description of contents (including gross and net weights);
- quantity, dimensions and price per unit;
- the free-on-board (FOB) value;
- duties deducted by exporting authorities, if any;
- any other charges added to arrive at the CIF value; and
- whatever additional information may be required by the importer, trade or banking regulations (i.e., commission, discounts, methods of shipment, port of shipment, etc.)

Commodity description and value shown on the invoice must agree with those on the import licence.

The commercial invoice must be signed, though facsimile signatures are allowed, and must be supplied in triplicate for the Taiwan customs authorities.

Consular or Customs invoices are not required for importing into Taiwan.

WANT MORE INFO?

CLICK BELOW

- Export-*i*, Business Guide Exporting Agriculture and Agri-Food Products to Mexico
- For a Sample B-13 document, please see Export-*i*, Business Guide Documents and Regulations
- Also see: Statistics Canada

EXPORT DECLARATION FORM (B13)

Exporters must complete an export declaration known as a Form B13 for all shipments leaving Canada (except to the US) if their value exceeds CDN $2,000. This form provides input into the federal government's System of National Accounts, particularly the Balance of Payments and Gross Domestic Product, and is used in the formulation of trade and budgetary policies.

The exporting company is ultimately responsible for the preparation and submission of the export declaration to customs. However, in most cases, agents, brokers or carriers prepare and submit the B13 on behalf of the exporter.

Goods that require an export declaration include:

- Commercial shipments valued at CDN $2,000 or more;
- Controlled, regulated or prohibited goods, i.e. products exported under a permit or certificate, regardless of their value;
- Goods in transit through the US;
- Goods exported from a bonded warehouse;
- Goods repaired in Canada when the repairs or additions to the goods are valued at CDN $2,000 or more; and
- Gifts, donations and company transfers valued at CDN $2,000 or more.
- Goods exported from a bonded warehouse;
- Goods repaired in Canada when the repairs or additions to the goods are valued at CDN $2,000 or more; and
- Gifts, donations and company transfers valued at CDN $2,000 or more.

PACKING LIST

A packing list is required, it should contain net and gross weights and full details on each package, and 2 copies are required for customs clearance. Of course, information on this list must agree with data in other documents. The packing list is supplied by the shipper to the importer.

BILL OF LADING

A bill of lading is required, though there are no requirements as to the specific form. All marks and case numbers appearing on the packages must be shown on the bill of lading. The Taiwanese Customs will not permit the grouping of marks or numbers on shipments of mixed commodities. Air cargo shipments require air waybills in place of the bill of lading with the number of copies based on requirements of the importer and the airline used.

The Bill of Lading must not only show the number of packages but also the number of pieces inside the packages. Failure to show this breakdown may result in customs clearance delays. Changes in the bill of lading or manifest after the vessel has arrived are subject to a considerable customs fine.

WANT MORE INFO?
CLICK BELOW

- Dunn & Bradstreet Exporters Encyclopaedia
- Migra International Ltd: Canadian Export Guide

CERTIFICATE OF ORIGIN

Submission of a certificate of origin on most imports is not required, but the Board of Foreign Trade (BOFT) may designate items of commodities for which certificates of origin shall be submitted for examination at the time of filing of an import application with customs. The certificates of origin must be issued by the governments of the countries of origin or by their authorised issuing units.

A certificate of origin is required with any kind of food additives and agri-chemicals.

IMPORT DOCUMENTATION

To ship agricultural products into Taiwan, a license is needed. There still exists regulations on specific goods, and about 120 of them need approval prior to importation. Others still are banned completely, such as rice, in order to protect the domestic market.

Import licences are also required for controlled or prohibited goods. Taiwan prohibits the import of Chinese made liquors, lethal chemicals, and narcotics. Import controls are placed on arms and ammunition, drugs, certain agricultural and marine products, endangered animal species and currency paper.

WANT MORE INFO?
CLICK BELOW

- Agri-Food Export Market Assessment Report (EMAR)
- Asia-Pacific, Volume I, International Marketing Data
- Dun & Bradstreet Exporters Encyclopaedia

Taiwan continues to maintain an import licencing system, but the number of items requiring import licences has been gradually reduced. Taiwan simplified its import procedures in July of 1994, reorganising these measures into a 'negative list'. Imports of certain items are restricted; they may not be imported without special permission from Taiwan authorities. Included in this category are some agricultural items that can only be imported pending the agricultural authorities' prior approval, which is a *defacto* ban on imports. Quarantine requirements also block the import of certain plant and animal products. Items under *defacto* ban or quarantine restrictions include peanuts, live dairy cattle vaccinated against brucellosis, and adzuki beans. Rice and rice products are exceptional items requiring additional approval from Taiwan's Provincial Food Bureau (also a *defacto* ban). Imports of poultry offal, sugar and selected dairy products are banned outright. In the spring of 1998, Taiwan provided to the United States exclusive quotas for the import of beef and pork offal as well as for pork bellies, which are otherwise banned from import. From July 1999 to December 31, 1999, Taiwan provided additional quotas for these products to countries other than the US. A decision to review both US and other countries' quotas for 2000 has yet to be taken.

In some cases where licences are required, the importer may be required to obtain first the authorization of numerous relevant agencies, such as Taiwan's Council of Agriculture for certain fertilisers. Often these additional approvals and documentary requirements add to the administrative burdens of importing these products into Taiwan or even make importation effectively impossible for small exporters without the appropriate connections with the relevant authorities.

The validity period for an import licence once obtained is 6 months, with extensions occasionally granted for justifiable reasons. Goods may be shipped within the validity period for the licence. Licences may not be transferred from one importer to another.

RELEVANT DOCUMENTS

The documents required for exporting goods to Taiwan vary with the nature of the good. They are broken down into three categories:

- unprocessed foods such as fresh fruit and vegetables,
- any processed foods, and
- beverages.

All goods need the following four documents:

Document	Issuer	Responsibility
Commercial Invoice	Canadian Exporter	Canadian Exporter
Bill of Lading	Canadian Freight Forwarding/Shipping Co.	Canadian Exporter
Packing List	Canadian Exporter	Canadian Exporter
Cargo Insurance Policy	Canadian Insurance Policy	Canadian Exporter

Since English is not the native language of Taiwan and certain import regulations are available in Chinese only, Canadian exporters are strongly encouraged to find a local partner to assist them in marketing food and beverages to this market.

UNPROCESSED FOODS: Unprocessed foods include fresh fruit, fresh vegetables, and fresh and frozen fish and shellfish.

Canadian exporters of these products require the following additional documents:

Document	Issuer	Responsibility
Export Certificate	Canadian Food Inspection Agency	Canadian
Importer Label	Taiwan Bureau of Inspection & Quarantine	Taiwan Importer
Certificate of Import Inspection	Canadian Exporter	Canadian

WANT MORE INFO? CLICK BELOW

- Exporting Canadian Food & Beverages to Taiwan: Taiwan Documentation Requirements
- For more information on documentation requirements and where to find them, contact the:

  Canadian Trade Office in Taipei

WANT MORE INFO?

CLICK BELOW

Agriculture and agri-food exporters are advised to contact the Canadian Food Inspection Agency (CFIA) directly on these matters. It is important to contact the Regional Office of the CFIA that is closest to you. Do not call the National Headquarters if there is a Regional Office that is closer.

- CFIA Regional Offices Directory

Fresh fruit and certain fresh vegetables are subject to special health inspection requirements. Shipments of these products must be accompanied by a **phytosanitary health certificate** issued by the Canadian Food Inspection Agency (CFIA). This certificate must verify that the area from which the product originated is free of a number of pests and diseases. Exporters are encouraged to verify with Agriculture Canada which products are covered under these requirements.

The **Certificate of Import Inspection** is issued by the Taiwan Bureau of Inspection & Quarantine to the importer each time a shipment of fresh fruit or vegetables passes through customs.

Additionally, shipments of fresh vegetables are required to be accompanied by an **importer label** written in Chinese, stating the name and contact details of the importer. These labels are to be affixed to each box or carton, either by the exporter before shipping to Taiwan or by the Taiwanese importer while the produce is in customs.

PROCESSED FOODS: Processed foods require only two additional documents:

Document	Issuer	Responsibility
Importer Label	Canadian Exporter (Taiwan Importer)	Canadian
Certificate of Inspection	Taiwan Bureau of Inspection & Quarantine	Taiwan

Certain processed foods require an inspection for each shipment, some only require inspection of the first shipment and then random inspections thereafter, and some processed foods do not require any inspections.

The foods and their inspection status can be classified as follows:

Every Shipment	1st Shipment	No Inspections
Candy	Cookies Nuts Dried Fruit Ice Cream	Snack Foods Breakfast Cereal Cheese Frozen Vegetables Frozen Fruits Frozen Western Meals

BEVERAGES: Beverages include: mineral and bottled water; fruit juices, fruit drinks, fruit concentrates; and beer, wine, and distilled spirits.

Beverages require the following additional documents:

Document	Issuer	Responsibility
Import Permit*	Board of Foreign Trade & Taiwan Tobacco and Wine Monopoly Bureau	Taiwan Importer
Certificate of Origin*	Manufacturer	Canadian
Certificate of Inspection**	Taiwan Bureau of Inspection & Quarantine	Taiwan
Importer Label	Canadian Exporter (Taiwan Importer)	Canadian

* Wine, Beer, and Distilled Spirits only.
** Mineral and Bottled Water as well as Fruit Juices, Drinks, and Concentrates.

Beer, Wine, and Distilled Spirits: have special requirements for import into Taiwan. These include a requirement for a **Certificate of Origin** to be supplied by the Canadian exporter and an **Alcoholic Beverage Import Permit** be supplied by the Taiwan importer.

The **Certificate of Origin** is issued by the Canadian manufacturer for alcoholic beverages only. It must be notarized by Canadian authorities as well as the Taiwan trade office, if possible.

In order to apply for an **Alcoholic Beverage Import Permit**, the local importer must supply the following documents to the Taiwan Tobacco and Wine Monopoly Bureau (TTWMB):

1) TTWMB Import Permit Applications Form
2) Copy of Business License
3) Copy of Business Tax Return (Previous Year)
4) Commercial (Shipping) Invoice - 3 copies
5) Certificate of Origin
6) BOFT Import Permit Application Form
7) Catalogue of Product

Within 3 days the TTWMB will issue a permit to import alcoholic beverages. The importer must then take this permit to the Board of Foreign Trade (BOFT) to be stamped.

Importer Label

As of March 1995, In addition to the manufacturer's English label, each product must also have a clearly legible label written in Chinese, containing the following information:

1) ingredients
2) weight
3) manufacturer's full company name, address, and phone number
4) importer's full company name, address, and phone number
5) expiration date
6) shelf life / best before date

Certificate of Import Inspection

The Certificate of Import Inspection is issued by the Taiwan Bureau of Inspection and Quarantine, costs 0.25 percent of the CIF price. According to sources within the bureau, the inspection and the issuance of the certificate take an average of 1-7 days to complete.

Customs Procedures & Border Clearance

Want More Info?
Click Below

- Agri-Food Export Market Assessment Report (EMAR)
- Dun & Bradstreet Exporters Encyclopaedia
- Asia-Pacific, Volume I: International Marketing Data

The Inspectorate General of Customs carries out the customs administrative operation including inspection, appraisal of value for inspection, assessment of duties, and clearance of export and import goods.

Customs clearance can be time consuming and costly. Many importers hire a local customs broker to expedite the process and that adds to costs. Disputes over customs classification or valuation, delays in processing and strong prosecution of minor discrepancies in documentation are common complaints. However, in order to simplify and accelerate the customs clearance process, Taiwan's customs authorities have implemented an automated clearance system for air cargo whereby firms and forwarders can process documents with customs by computer linkup. The authorities are planning to implement a similar automated system for sea cargo. Importers who open a deposit with customs can clear merchandise first and pay customs later.

Tariff Rates and Quotas

Taiwan has applied to join the World Trade Organization (WTO) as a "customs territory". Although Taiwan is not yet a party to the WTO, the tariff system is designed in accordance with the rules of the WTO in order to facilitate entrance into the organization.

WANT MORE INFO?
CLICK BELOW

- Dun & Bradstreet Exporters Encyclopaedia
- Asia-Pacific, Volume I: International Marketing Data

- For the most recent changes to tariffs and quotas, contact the:

  Canadian Trade Office in Taipei

Taiwan uses the harmonised System (HS) with tariffs typically being applied in an *ad valorem* fashion on the cost, insurance and freight (CIF) value of the good in question. There are two rates of duties, the general rate and the preferential rate, which is applied to imports from countries that offer reciprocal treatment to Taiwan. The average tariff rate is 7 percent, with most goods falling under one of the following areas:

- Tariffs of 0 to 10 percent apply to raw materiels and many semi-processed goods,
- Tariffs of 5 to 15 percent apply to equipment,
- Tariffs of 10 to 20 percent apply to all semi-processed goods that do not fall under the 0 to 10 percent range,
- Tariffs of 10 to 35 percent apply to most consumer goods,
- An average tariff of 20.6 percent is applied to agricultural imports

Imports may also be charged a harbour reconstruction tax (0.5 percent), a commodity tax on certain products, and a Value Added Tax (VAT) (5 percent) which is calculated on the landed price including duties, commodities taxed and harbour reconstruction dues. Industries that are considered to be under the statute for Industrial Upgrading are permitted duty-free imports of required machinery and equipment. Industries in the science based Industrial park in Hsinchu are eligible for duty-free imports of machinery, equipment, raw materiels and semi-finished products for exports.

There are no duties on advertizing materiels, on samples of no commercial value or on those with a value under NT$12,000. Foreign firms may import machinery and other capital equipment duty free after obtaining Foreign Investment Approval.

SANITARY AND PHYTOSANITARY INSPECTIONS AND CERTIFICATION

WANT MORE INFO?
CLICK BELOW

- Agri-Food Export Market Assessment Report (EMAR)
- US Department of Agriculture: Attache Reports
- Dun & Bradstreet Exporters Encyclopaedia

Since sanitary requirements change so rapidly, and sometimes without warning or notification, importers should be in constant touch with their associates in Taiwan or with Taiwan's Bureau of Animal and Plant Health Inspection and Quarantine in order to remain up to date on specific requirements.

Regarding food products, Taiwanese authorities maintain a restrictive list of food additives and colourings and allowable tolerances for chemical residues on fresh fruits and vegetables. Imported products are only allowed to contain certain ingredients, substitutes are not allowed entry.

Taiwan has rigorous standards and testing requirements for agricultural goods. Taiwan's lack of an internationally accepted set of pesticide tolerance levels for imported fruits and vegetables sometimes impedes trade in these products.

There are stringent microbiological and chemical testing of imported food products such as turkey, pork and game meats. Standards on preservatives for soft drinks often preclude the import of certain beverages. Imported agricultural goods are routinely tested while local agricultural produce is generally not, and the authorities determine the purity of imported fruit juices using an amino nitrogen test, a purity standard that is uniquely stringent.

WANT MORE INFO?

CLICK BELOW

Agriculture and agri-food exporters are advised to contact the Canadian Food Inspection Agency (CFIA) directly on these matters. It is important to contact the Regional Office of the CFIA that is closest to you. Do not call the National Headquarters if there is a Regional Office that is closer.

- CFIA Regional Offices Directory

Moreover, Taiwan's sanitary and phytosanitary standards (SPS) are, for the most part, more stringent than those established by international regulatory bodies such as the International Plant Protection Convention and the *Codex Alimentarius*.

Upon entry, cereals, beans, some seeds, poultry, animals, meat, feathers, hides, skins, eggs, bones and various foodstuffs require a Bureau of Inspection and Quarantine certificate. Import licences are required for most frozen foods and some require approval from the Council of Agriculture before they can be imported.

Agricultural products should have the necessary certificates of inspection and quarantine before transport out of Canada.

MARKET ENTRY STRATEGIES

In addition to the various market strategies discussed throughout the document for exporting goods to Taiwan, the following section offers alternative approaches and additional information which can be useful when trying to enter the Taiwan market.

HIGHLIGHTS - HOT LINKS

- There are no limitations placed on foreign equity but local participation is encouraged
- Yogen Fruz and St. Cinnamon are among the successful Canadian food franchises
- Services are not generally promoted the same way as goods
- Export readiness refers to a firm's capacity for success in an export market

BUSINESS ORGANIZATIONS

The Company Law of Taiwan allows four classes of business organization within the country:

- Unlimited companies may be organized by two or more shareholders with unlimited joint liability among them;
- Unlimited companies with liability shareholders can be organized by one or more shareholders of unlimited liability and one or more shareholders of limited liability;
- Limited companies can be organized by not less than 5 or more than 21 shareholders with each shareholder liable for only their capital contribution;
- Companies limited by shares, which must have at least 7 shareholders whose liability is restricted to the division of the total capital allotted to each shareholder.

The most common business organization for a foreign investor is the company limited by shares. All firms in Taiwan must be incorporated and certified by the Ministry of Economic Affairs. **There are no limitations placed on foreign equity but local participation is encouraged**.

WANT MORE INFO?
CLICK BELOW

- TradePoint - Taiwan
- Asia-Pacific, Volume I: International Marketing Data

Foreign companies may also organize branch offices in Taiwan. Branches must apply for recognition from, and also register with, the Ministry of Economic Affairs (MOEA). These two processes include the supplying of MOEA with facts about the parent company and the parent companies articles of incorporation. There is a minimum capital requitement of NT$1 million although if the branch will be involved in importing and exporting, the minimum capital requirement increases to NT$5 million.

Foreign companies are also allowed to set up representative offices, but these offices are not allowed to do business or generate income.

PARTNERING

Partnerships and joint ventures are allowed in Taiwan. Only general partnerships may be organized and partners bear unlimited liability for the obligations of the partnership. Also partners generally have unlimited liability. The joint venture is not recognised as a legal taxable entity and is usually organized as a jointly-owned company.

FRANCHISING

WANT MORE INFO?
CLICK BELOW

For more information on creating business relationships with Taiwan, Canadian exporters should contact the:

- Canada-Taiwan Business Association (through the Canadian Chamber of Commerce)
- Canada-Taiwan Trade Association

or

- Canadian Franchise Association

Although relatively new in Taiwan, franchising suits the entrepreneurial spirit of the people on the island. A variety of franchise arrangements exist on the island ranging from equally shared joint venture partnerships to the Pizza Hut model where stores are managed and operated by a "master franchise" or a regionally based conglomerate. As Taiwan lacks legal expertise on franchise operations, it is crucial that contractual arrangements entered into by Canadian companies stipulate adherence to corporate policy. To gain a foothold in the market and ensure successful performance, franchises must stress management, personnel training, customer service, consistency in product quality, and seek guarantees for reliable distribution channels.

Many North American style convenience stores and fast food chains have recently been established in Taiwan. Throughout the island, there are now over 1,800 Seven-Eleven convenience stores, and numerous McDonald's, Wendy, Pizza Hut etc. **Yogen Fruz and St. Cinnamon are among the successful Canadian food franchises.**

Marketing to Government Organizations

Want More Info?
Click Below

- TradePort - Taiwan Marketing Products & Services
- US Department of Commerce: Country Commercial Guide (CCG)

Selling to the Taiwan authorities deserves a special mention as there are both excellent opportunities and major obstacles for Canadian firms interested in Taiwan public procurement. Most large, technically complex tenders are let by the Central Trust of China (CTC), an organization that has procurement and other responsibilities. In this respect, the CTC has similar functions to the Department of Public Works and Government Services Canada (PWGSC). Agencies that need to purchase equipment inform CTC of their requirements, CTC announces and administers the tender procedures; any technical evaluations are performed by the purchasing entity or its surrogates. CTC tenders may be local (limited to firms with a Taiwan office or representative) or international (open to firms outside of Taiwan), but both kinds of tenders are generally conducted fairly and openly.

While CTC handles a large portion of Taiwan authority purchases of advanced equipment, the bulk of Taiwan authority purchases are administered by the purchasing entities themselves. Nearly all of these tenders are open only to firms with a local presence, and it can be difficult for outsiders to obtain advance information on such tenders. CTC itself estimates that they procure less than 10 percent of the government's total procurement.

According to the US Department of Commerce - Country Commercial Guide, many companies have made serious complaints about the system. The contracting entities tend to wield excessive power over the contractor: exorbitant potential liabilities, cumbersome change order procedures, and expensive bonding requirements are common. Contracting entities tend to view contractors as adversaries, which can make normal business dealings strained. Taiwanese bureaucrats tend to believe that the penalty for making no decision is always less than the penalty for making the wrong decision and this attitude can result in frustrating delays or unreasonable demands on the contractor as bureaucrats seek to take the safest course of action. Conflict of interest laws in Taiwan are not as fully developed as those in North America. Firms employing relatives of existing officials and/or retired officials have an inside track on Taiwan authority contracts. However, as Taiwan bids to join the WTO and sign on to the Agreement for Government Procurement, Taiwan's procurement practices will need to become more transparent and in line with international standards.

Services

Services are not generally promoted in the same way as products. Many service contracts are issued by government institutions or international development agencies and the supplier has to keep an eye on what contracts are being put out for tender. In such cases, the major form of promotion tends to be the lobbying associated with the proposal, bid or tender that leads to the contract. The support of the Canadian government and Canadian Trade Office in Taipei, or the services of an agency such as the Canadian Commercial Corporation (CCC) or the Canadian International Development Agency (CIDA) can be extremely important.

A typical service exporter is a consulting company which provides engineering, design, software or other technical services for business and government. A market is emerging for services to consumers but so far there have been relatively few opportunities for foreign companies. Language schools are one example of consumer service where Canadian companies have been successful.

TRADE SHOWS

WANT MORE INFO?
CLICK BELOW

- Chinese External Trade Development Council (CETRA)
- Taipei World Trade Centre (TWTC)
- Canadian Trade Office in Taipei

The only trade show in Taiwan that the Canadian Trade Office in Taipei supports is **Food Taipei - Taipei International Food Show 2000**.

Food Taipei '2000 **June 15 - 18, 2000**
Taipei International Food Show

Products

Beverages	Biscuits and Confections
Condiments	Dairy Product and Cereals
Meat Products	Diet Foods
Frozen Foods	Vegetarian Products
Food Ingredients and Additives	Fruit and Vegetables

For a check list to ensure your readiness to attend a trade show, please follow this link to Annex 2

BUSINESS HOURS & HOLIDAYS

For a detailed list Business Hours and Holidays for 2000 in Taiwan, please follow this link to Annex 3

EXPORT READINESS

WANT MORE INFO?
CLICK BELOW

- Export-*i*, Business Guide Exporting Agriculture and Agri-Food Products to Mexico
- Export Readiness Diagnostic: http://www.infoexport.gc.ca/section2/diagnos-e.asp

Export readiness refers to a firm's capacity for success in an export market. While some companies may get an unsolicited request through favourable circumstances, the firm is unlikely to be profitable abroad without having addressed the following three factors:

RESOURCES

The firm has sufficient internal capacity to handle extra demand, internally efficient systems to respond to customers quickly, senior managers and marketing staff with culturally-sensitive marketing skills, and management support for export objectives.

COMPETITIVENESS

The firm has a product that is unique and/or competitive in the type of market they are targeting, sophisticated market entry methods that they are already using, and market research demonstrating the viability of their product abroad.

EXPECTATIONS

The firm has clear and achievable export objectives, a realistic idea of what exporting entails, an open-mindedness to new ways of doing business, and realism about what will be necessary to be profitable abroad.

INVESTMENT CLIMATE

Taiwan welcomes foreign investment, which it recognizes contributed to its development so far. In its negotiations to enter the WTO as a developed economy, Taiwan has committed to bring its trade and investment regimes into full compliance with all international standards. Foreign investors are generally afforded national treatment with regard to taxes, access to licences and procurement. In the past several years, Taiwan has removed most barriers to foreign investments, abolishing export performance and local content requirements, and liberalizing earnings and capital repatriation.

WANT MORE INFO?
CLICK BELOW

- TradePort - Taiwan Investment Climate
- Dun & Bradstreet Exporters Encyclopaedia

Regulations affecting foreign-invested enterprises are generally transparent and non-discriminatory. The authorities have taken a number of steps in the past five years to improve the investment climate, especially for service industries. For example, most ownership restrictions in the securities trading, insurance and banking industries have been removed. In 1996, the limit on equity participation in shipping companies was raised from 33 percent to 50 percent and the foreign ownership limit for securities investment trust companies was removed.

Taiwan has plans for further liberalization of restrictions on telecommunications, banking, inland transportation, and shipping.

Taiwan's Statute for Investment by Foreign Nationals (SIFN) and the Statute for Investment by Overseas Chinese (SIOC) allow foreign direct investment through new investment, acquisitions, mergers and takeovers. The majority of industrial categories are open to foreign investment. Foreign companies may also invest in firms undergoing privatization. They are also eligible to participate in public-financed research and development programs.

Taiwan offers a number of incentives to encourage investment, including accelerated depreciation and tax credits for investment in pollution control systems, production automation and energy conservation. Equipment for R&D purposes can be brought into Taiwan duty-free. Other incentives include interest-free or low-interest NT dollar and/or foreign currency loans for developing new and/or leading products, upgrading traditional industries, and importing automation or pollution control equipment. A broad five-year tax holiday for new investments, abolished in January 1991, was re-instituted in January, 1995.

FINANCING AND INSURANCE

Importers are usually responsible for arranging their own financing. The Taiwan Authorities' assistance is, however, available in certain cases. The Export-Import Bank, for instance, provides loans of up to 85 percent of the total contract value on sophisticated machinery and other high-technology items. Loans are also available for imports of natural resources, raw materials, and spare parts. Such loans can be granted for equipment and materials employed in the manufacture of goods for export, as well as for those used in the production of sophisticated equipment and the development of advanced technologies.

HIGHLIGHTS - HOT LINKS

- **Exported goods are normally required to exceed 60 percent Canadian content in order to qualify for EDC insurance**
- **Most carriers have liability insurance, but it is unlikely that this insurance alone would cover all contingencies or provide full restitution for the exporter**
- **Two main types of insurance policies are available: individual and open cover policies**

EXPORT DEVELOPMENT CORPORATION (EDC)

EDC is Canada's official export credit agency. Its mandate is to promote Canadian exports by providing Canadian exporters with lines of credit, receivables financing, and various types of insurance.

EDC can also help Canadian exporters by providing financing to their prospective foreign customers. It has a mandate to finance up to 85 percent of the foreign buyer's purchases of Canadian capital goods, equipment and services. It does so through three types of medium- and long-term financing:

- **DIRECT LOANS:** typically financed over seven to ten years, with fixed and floating rate portions;
- **ALLOCATIONS UNDER LINES OF CREDIT:** these occur only after the transaction, buyer and exporter have been approved; or
- **NOTE PURCHASE AND FORFEITING:** These are usually applied to small- and medium-sized transactions extending from two to five years.

WANT MORE INFO?

CLICK BELOW

The Export Development Corporation also performs country market assessments on a quarterly basis. These briefs offer exporters a snapshot of the market from a fiance and insurance perspective.

- To access these reports, click HERE

EDC will also investigate the creditworthiness and reliability of the foreign buyer or financial institution. It demands details of the financing support requested. For larger projects, it may also require a feasibility study, details of any consortial arrangements, as well as financial projections for the project.

The EDC also insures a wide range of Canadian exports. The Corporation offers short- and medium-term insurance, performance-related guarantees, and foreign investment insurance to meet the varying needs of exporters. EDC regulations specify that a certain percentage of the goods or services being insured must originate in Canada and conform to Canadian content requirements. Exported goods are normally required to exceed 60 percent Canadian content in order to qualify for EDC insurance. A 'Canadian Content Report' can be obtained by contacting the EDC.

Letters of Credit Procedures

Bank-to-bank Letters of Credit (L/C) constitute Taiwan's most important import payment process. In 1997, Taiwan imported US$114 billion, of which over US$60 billion was financed through L/C's. On a lesser scale, company to company payments are made via Open Account (O/A), documents against Payment (D/P) and Documents Against Acceptance (D/A). The AIT Commercial Section recommends that US exporters minimize financial risk by requiring their Taiwan trading partners to finance their imports through L/C's. A large majority of Taiwan's importers utilize usance L/C's with validity of up to 180 days. On the whole, Canadian companies seem to find Taiwan's financing system to be efficient, and report no widespread pattern of deferred payment. Any banks authorized to handle foreign exchange may issue L/C's.

Want More Info?
Click Below

- TradePort - Taiwan Trade & Project Financing
- Trading with Taiwan
- Dun & Bradstreet Exporters Encyclopaedia

Most transactions are undertaken on open account terms, although more secure letters of credit are still widely used. Letters of credit are recommended until such a time as good business relations have been established, as well was credit checks on individual concerns. Credit terms of 60 to 90 days are commonplace, although longer terms may be requested.

While most accounts are settled by Letter of Credit, several other methods of payment are also acceptable. These alternatives include:

- Documents against payment;
- Documents against acceptance;
- Consignment;
- Installment;
- Open account

Insurance

Most exporters purchase insurance to protect themselves against theft and losses or damage incurred while moving goods from Canada to their destination. **Carriers do carry liability insurance, but it is unlikely that this insurance alone would cover all contingencies or provide full restitution.** In fact, there are significant restrictions to carriers' liability that exclude compensation for damages caused by Acts of God (weather-related damage), terrorism, any perceived flaws in the goods, and the way they were packed for shipping.

The exporter or importer can arrange insurance directly with the insurer or with a licensed insurance broker or agent, a freight forwarder or a customs broker. It is recommended that an open policy be arranged or advantage taken of the bulk buying power of a freight forwarder or a customs broker.

CIF/FOB

The terms of sale will determine when title to the goods and liability passes from seller to buyer. For example, if the terms agreed to are costs, insurance and freight (CIF), then the seller is responsible for insuring the goods to the agreed destination. If they are free on board (FOB), the seller or exporter is responsible for insuring the goods until such time as they are safely on board . At that point, title to the goods passes to the buyer, who assumes responsibility for further insurance.

Whenever possible, the Canadian exporter should try to control the purchase of insurance. Although an exporter can generally control the purchase of insurance on CIF shipments, it can also contract to handle the insurance on FOB shipments at the direction of the buyer. The same is true, in reverse, for an importer.

INSURANCE POLICIES

Two main types of policies are available: individual and open cover policies.

WANT MORE INFO?
CLICK BELOW

- TradePort - Taiwan Trade & Project Financing
- US Department of Commerce: Country Commercial Guide (CCG)
- Dun & Bradstreet Exporters Encyclopaedia

An **individual policy** covers one shipment of goods which is specified in the policy. Although these policies allow the exporter to arrange insurance on each individual shipment, they can be cumbersome and expensive. A shipment may be overlooked and thus be uninsured. Insurance rates can fluctuate and, unless long-term coverage is arranged, the premium on each shipment could vary according to the claims experience of previous shipments.

An **open cover policy** extends over a period of time and specifies the type of goods and voyages covered. If a company has regular overseas business, it is advantageous to arrange for such a long-term contract with an insurance company. With the purchase of an open policy, the Canadian exporter acquires coverage that is specifically tailored to their needs which, in addition to covering the specific shipment, also provides the following:

- automatic coverage for all shipments (including protection in the event of actually forgetting to report a shipment);
- protection against loss or damage due to rejection by customer (i.e. cover would continue in storage or return, subject to the advice of insurers);
- the option to purchase Seller's Interest Insurance (also known as Contingency Insurance), if sales are made FOB. This protects the shipper should the buyer's insurance coverage be inadequate for the export shipment and, alternatively, should a difference in conditions exist for shipments; and
- agreed limits of liability for any one ship, aircraft or location.

A policy certificate is a form provided by insurance companies to a company that has acquired an open policy type of insurance coverage for a shipment of goods overseas.

The benefits of using the certificate rather than applying for a separate policy for each additional shipment are that:

- a required export document is instantly prepared;
- no time is lost nor is the shipment delayed by the process of waiting for a separate policy to be sent by the insurance company;
- in most transactions involving bank credit, a certificate of insurance is a prerequisite;
- the certificate provides the means of transferring the insurance protection to other interested parties such as the buyer, importer or consignee.

MODE-SPECIFIC INSURANCE

Each mode of transportation has different policies concerning insurance. For example, while most policies issued include "aircraft" as an extension of "vessel" in ocean voyage clauses, there are specific clauses designed for air cargo. Because the expensive nature of air shipments restricts its use to finished goods rather than bulk product, air cargo shipments are written on an "all-risk" basis -- insurance that covers all transportation risks.

KEY CONTACTS

CANADIAN FEDERAL GOVERNMENT IN CANADA

Agriculture and Agri-Food Canada (AAFC) **http://www.aceis.gc.ca**	John Smiley Senior International Marketing Officer, Taiwan Sir John Carling Building 930 Carling Avenue Ottawa ON K1A 0C5 T: (613) 759-7632 F: (613) 759-7506 **e-mail: smileyj@em.agr.ca**
AAFC's Asia Pacific Division (A.P.D.), is responsible for all international marketing initiatives with Taiwan for the Department. A.P.D. is part of the Markets Industries Services Branch (MISB) of AAFC.	
Department of Foreign Affairs and International Trade (DFAIT) **http://www.dfait-maeci.gc.ca**	InfoCentre T: 1 800 267-8376 or (613) 944-4000 FaxLink* (613) 944-4500
DFAIT is the Canadian federal government department most directly responsible for trade development. The InfoCentre should be the first contact point for advice on how to start exporting. It provides information on export-related programs and services, acts as an entry point to DFAIT's trade information network, and can provide copies of specialized export publications and market information to interested companies. * FaxLink is a faxback system which provides summaries on a range of Mexican markets. It must be contacted through your fax machine. Dial from your fax phone and follow the voice prompt instructions.	
DFAIT - Korea and Oceanic Division (PKE)	Elizabeth Reid Trade Commissioner Lester B. Pearson Building 125 Sussex Drive Ottawa, ON K1A 0G2 T: (613) 996-7582 F: (613) 996-1248 **e-mail: elizabeth.reid@dfait-maeci.gc.ca**
Within the federal government, DFAIT has the mandate for international trade development. DFAIT's Korea and Oceanic Division (PKE) is the principal point of contact for information and intelligence on trade and investment leads in Taiwan.	
DFAIT - International Financing Division	International Financing Division T: (613) 944-0910 F: (613) 943-1100
DFAIT helps Canadian exporters interested in pursuing multilateral business opportunities financed by international financing institutions (IFIs). Canadian exporters and trade associations can access market data, obtain a better understanding of the competition, and determine if an IFI-funded market opportunity is practical and worth pursuing. DFAIT can provide information and advice on the availability of Canadian government-funded assistance programs and can assist companies in developing effective export marketing.	

International Trade Centres

International Trade Centres have been established across the country as a convenient point of contact to support the exporting efforts of Canadian firms. The centres operate under the guidance of DFAIT and all have resident trade commissioners. They help companies determine whether or not they are ready to export, assist firms with market research and planning, provide access to government programs designed to promote exports, and arrange for assistance from the trade commissioners in Ottawa and trade officers abroad. Contact the International Trade Centre nearest you:

Newfoundland ***St. John's*** P.O. Box 8950 John Cabot Building, 10th Floor Phase II, 10 Barter's Hill St. John's, NF A1B 3R9 T: (709) 772-5511 F: (709) 772-5093	**Prince Edward Island** ***Charlottetown*** P.O. Box 1115 75 Fitzroy Street Charlottetown, PEI C1A 7M8 T: (902) 566-7443 F: (902) 566-7450	**Nova Scotia** ***Halifax*** P.O. Box 940, Station M 1800 Argyle Street, Fifth Floor World Trade & Convention Centre Halifax, NS B3J 2V9 T: (902) 426-7540 F: (902) 426-5218
New Brunswick ***Moncton*** 1045 Main Street, Unit 103 Moncton, NB E1C 1H1 T: (506) 851-6452 F: (506) 851-6429	**Quebec** ***Montreal*** 5 Place Ville-Marie, 7th Floor Montreal, PQ H3B 2G2 T: (514) 283-6328 F: (514) 283-8794	**Ontario** ***Toronto*** Yonge-Richmond Centre 151 Yonge Street, 4th Floor Toronto, ON M5C 2W7 T: (416) 973-5053 F: (416) 973-8161
Manitoba ***Winnipeg*** P.O. Box 981 400 St. Mary Avenue, Fourth Floor Winnipeg, MB R3C 4K5 T: (204) 983-5851 F: (204) 983-3182	**Saskatchewan** ***Saskatoon*** 7th Floor, Princeton Tower 123 - 2nd Avenue South Saskatoon, SK S7K 7E6 T: (306) 975-5315 F: (306) 975-5334	**Saskatchewan** ***Regina*** 1919 Saskatchewan Drive 2nd Floor Regina, SK S4P 3N8 T: (306) 780-6124 F: (306) 780-8797
Alberta **Edmonton office is also responsible for Northwest Territories* ***Edmonton*** Canada Place 9700 Jasper Avenue, Suite 725 Edmonton, AB T5J 4C3 T: (403) 495-2944 F: (403) 495-4507	**Alberta** ***Calgary*** 300, 639 - 5th Avenue S.W. Calgary, AB T2P 0M9 T: (403) 292-4575 F: (403) 292-4578	**British Columbia** **Vancouver office is also responsible for the Yukon* ***Vancouver*** 300 West Georgia Street Suite 2000 Vancouver, BC V6B 6E1 T: (604) 666-0434 F: (604) 666-0954

Industry Canada - Strategis **http://www.strategis.ic.gc.ca**	Strategis Industry Canada 235 Queen Street Ottawa, ON K1A 0H5 T: (613) 954-5031 F: (613) 954-1894

Canada's largest business web site, Strategis, gives business direct access to the latest information on specific industries, export opportunities, company capabilities, international intelligence and business contacts via the Internet. It also includes information on new technologies and processes, management experts, market services, government programs, micro-economic research and much more. In addition to these information resources, Strategis provides businesses with easy access to Industry Canada experts. Canadian companies will be able to browse the site to find out about market opportunities in Canada and abroad, new state-of-the-art technologies, key alliances, training resources and government programs. The International Business Information Network, one section of the site, contains first-hand information on products in demand, market conditions, competitors and business opportunities abroad.

Canadian International Development Agency (CIDA) **http://www.acdi-cida.gc.ca/index.htm**	Industrial Cooperation Division 200 Promenade du Portage Hull, PQ K1A 0G4 T: (819) 997-7905 F: (819) 953-2024

CIDA's mandate is to support sustainable development to reduce poverty and contribute to a more secure, equitable and prosperous world. The Industrial Cooperation Division (CIDA INC) and the Bilateral Program of the Asia Branch each fund activities which address this objective. The Canadian private sector is involved in the delivery of these programs through joint ventures and the direct procurement of goods and services from Canada. CIDA INC encourages Canadian companies to develop long-term links with foreign countries and to enhance the developmental impact of commercially viable projects with that country's partners or clients. The Bilateral Program promotes the exchange of mutually beneficial, environmentally sound technology in water and resource management.

Export Development Corporation (EDC) **http://www.edc.ca**	151 O'Connor Street Ottawa, ON K1A 1K3 Tel: (613) 598-2500 Fax: (613) 598-6858

EDC helps Canadian exporters compete in world markets by providing a wide range of financial and risk management services, including export credit insurance, financing to foreign buyers of Canadian goods and services, and guarantees.

EDC's products fall into four main categories:

- export credit insurance, covering short- and medium-term credits;
- performance-related guarantees and insurance, providing cover for exporters and financial institutions against calls on various performance bonds and obligations normally issued either by banks or surety companies;
- foreign investment insurance, providing political risk protection for Canadian investments abroad; and
- export financing, providing medium- and long-term export financing to foreign buyers of Canadian goods and services.

Canadian Commercial Corporation (CCC) **http://www.ccc.ca/**	50 O'Connor Street Eleventh Floor Ottawa, ON K1A 0S6 Tel: (613) 996-0034 Fax: (613) 995-2121
CCC, a crown corporation reporting to the Minister of Public Works and Government Services was established to assist in the development of trade between Canada and other nations. Its role is to facilitate international trade and it is the prime contractor in the sale of Canadian goods and services to foreign governments, international agencies as well as approved private-sector buyers. CCC provides its buyers a guarantee of performance, on behalf of the Canadian government, that the contract will be executed in accordance with its terms and conditions. CCC has in place a partnership with major Canadian banks whereby the banks set up project lines of credit for approved exporters, up to a maximum of $2 million per exporter, which such exporters can utilize to cover their pre-shipment working capital requirements.	

CANADIAN BUSINESSES & PROFESSIONAL ASSOCIATIONS IN CANADA

Canada Taiwan Business Association (CTBA) **http://www.chamber.ca/english/taiwan/index.htm**	Canadian Chamber of Commerce Delta Hotel Tower 350 Sparks Street, Suite 501 Ottawa, ON K1R 7S8 T: (613) 238-4000 F: (613) 238-7643
The mandate of the CTBA is to assist Canadian companies, especially Small and Medium Size Enterprises (SME's), to enter or expand their presence in the Taiwan market and take advantage of the Taiwan connection to venture into other emerging markets of the Asia Pacific. The sectors of immediate emphasis are natural resources, coastal industries and marine technology, telecommunications/ information technology, environmental protection, agriculture and agrifood, and transportation, and tourism. CTBA will, as well, focus on a high level of service and support to Canadian businesses keen on accessing the Taiwan market in other sectors of the economy.	
Canada Taiwan Trade Association **http://www.jurock.com/ctta/**	Canada Taiwan Trade Association. #95-910 Mainland Street Vancouver, BC V6B 1A9 T: (604)682-2848 F: (604)662-3754
The Canada Taiwan Trade Association was established in the summer of 1988. The goals of the Association are: • To promote mutual understanding and exchange information between the various trades of Canada and Taiwan; • To establish, maintain and promote an interest in trade and commerce between Canada and Taiwan; • To render professional and administrative services for business people from Canada and Taiwan; • To provide a forum to relate the different experiences of business people from Canada and Taiwan.	

The Alliance of Manufacturers' And Exporters Canada **http://www.palantir.ca/the-alliance**	75 International Boulevard Suite 400 Toronto, ON M9W 6L9 Tel: (416) 798-8000 Fax: (416) 798-8050
The Alliance is a business network with offices across Canada. It receives support from CIDA INC to support its membership in pursuing business opportunities abroad. The CMA works through its contacts abroad to introduce Canadian companies to the foreign marketplace and to identify potential joint venture partners.	
Asia Pacific Foundation of Canada (APFC) **http://apfnet.org**	999 Canada Place Suite 666 Vancouver, BC V6C 3E1 T: (604) 684-5986 F: (604) 681-1370
The APFC is a non-profit organization whose goal is to build awareness of Asia in Canada and vice versa.	
MERX - Online Bidding System **http://www.merx.cebra.com**	2 Watts Ave. Charlottetown, PEI C1E 1B0 T: 1 800-964-MERX F: 1 888-235-5800
Forum for International Trade Training Inc.	155 Queen Street, Suite 608 Ottawa, ON K1P 6L1 T: (613) 230-3553 F: (613) 230-6808
Language Information Centre	240 Sparks Street RPO Box 55011 Ottawa, ON K1P 1A1 T: (613) 523-3510
Canadian Standards Association	178 Rexdale Blvd. Etobicoke, ON M9W 1R3 T: (416) 747-4000 F: (416) 747-4149
Standards Council of Canada	45 O'Connor Street, Suite 1200 Ottawa, ON K1P 6N7 T: (613) 238-3222 F: (613) 995-4564
Canadian Business Development International (CBDI) **rpg-cbdi@home.com**	458 Clarence Street East Unit #2 Ottawa, ON K1N 5S1 T: (613) 244-4646 F: (613) 244-4647
This Business Guide has been researched and written by **Canadian Business Development International (CBDI)**, a Canadian company specializing in international marketing, market information, intelligence and analysis. CBDI works with Canadian companies, organizations, and government departments to help provide Canadians with the tools and information they need to become export-ready and take advantage of the incredible potential of foreign markets.	

CANADIAN TRADE REPRESENTATIVE IN TAIWAN

Canadian Trade Office in Taipei (CTOT) **http://www.ctot.org.tw**	13th Floor 365 Fu Hsing North Road Taipei, 104, Taiwan T: (886) 2-547-9500 F: (886) 2-712-7244

Established in October of 1986 with a staff of three, the CTOT now has over 50 staff members, including a small satellite office in the southern city of Kaohsiung. The office houses representatives from both the Alberta and Quebec governments, the Canadian Education Centre, and the Canadian Society. The Province of British Columbia trade office is located at the Taipei World Trade Centre.

The CTOT provides essentially the same support services as other Canadian missions abroad. Formal links are through the Canadian Chamber of Commerce, but CTOT is staffed mainly by officers seconded by the Department of Foreign Affairs and International Trade and from the Department of Citizenship and Immigration. In order to promote the Canada-Taiwan relationship, the CTOT participates in a range of promotional events annually, including trade shows, visiting delegations and public affairs programs. The CTOT is a proven source of information and guidance for entering the Taiwanese market.

The CTOT agricultural program is managed by Mr. Martin Charron, Trade Commissioner (ext. 3552) and Ms. Karen Huang, Commercial Officer (ext. 3553).

TAIWAN TRADE REPRESENTATIVES IN CANADA

Taipei Economic & Cultural Office, Canada **http://www.comnet.ca/~moecult/e-page.htm**	Suite 1960, World Exchange Plaza 45 O'Connor Street Ottawa, ON K1P 1A4 T: (613) 231-5080 F: (613) 231-7112
Taiwan Trade Centre, Montreal **ttc.mtl@ minet.ca**	Suite 2108 Place Montreal Trust 1800 McGill College Ave., Montreal, PQ H3A 3J6 T: (514) 844-8909 F: (514) 844-9246
Far East Trade Service, Inc. **fetsvan@ uniserve.com**	Vancouver Office #650-490 Granville St. Vancouver, BC V6C 1T2 T: (604) 682-9501 F: (604) 682-9775

TAIWANESE GOVERNMENT DEPARTMENTS IN TAIWAN

Board of Foreign Trade (BOFT) ***Taiwan Ministry of Economic Affairs***	100, Aikuo E. Rd. Taipei, Taiwan ROC T: (02) 351-0271 or 1 Hu Kou Street Taipei, Taiwan ROC T: (02) 351-0286

In addition to administering many aspects of Taiwan's foreign trade policy, the Board of Foreign Trade (BOFT) of the Ministry of Economic Affairs also monitors imports and exports, issues, licenses, conducts inspections, monitors the operations of registered importers and exporters, and classifies products.

The BOFT reviews and issues certificates following applications for the import of materials and supplies. It also deals with the review and issuance of certificates upon applications for the export of agricultural, forestry, livestock, fishery, mining, and industrial goods.

Bureau of Commodity Inspection & Quarantine (BCIQ) ***Taiwan Ministry of Economic Affairs***	4 Chinan Rd. Sec. 1 Taipei, Taiwan ROC T: (02) 351-2141

The Bureau of Commodity Inspection & Quarantine (BCIQ) is responsible for the inspection of export and import commodities, the inspection of domestic market commodities, plant and animal quarantine, the providing of calibration and technical services, and the issuance of certificates of origin.

Department of Animal and Plant Quarantine **Bureau of Commodity Inspection & Quarantine** ***Taiwan Ministry of Economic Affairs***	4 Chinan Rd. Sec. 1 Taipei, Taiwan ROC T: (02) 343-1815

This department is responsible for the inspection and quarantine of plants and animals and their products being imported into Taiwan. Information on import prohibitions and precautionary requirements can be obtained here.

Food and Drug Bureau ***Department of Health***	100 Aikuo E. Rd. Taipei, Taiwan ROC T: (02) 321-0151

This bureau is responsible for the inspection and analysis of foods and drugs sampled by the hygienic departments of other government departments. Its fourth division handles the testing, analysis, and inspection of foods, food additives, utensils, containers, and packages.

Taiwan Tobacco & Wine Monopoly Bureau (TTWMB)	4 Nanchang Rd. Sec. 1 Taipei, Taiwan ROC T: (02) 321-4567
The Taiwan Tobacco & Wine Monopoly Bureau (TTWMB) holds a government monopoly over all beer, wine, and distilled spirit production in Taiwan. Additionally, the bureau is in charge of granting import permits for all alcoholic beverage imports.	
Directorate General of Customs	85 Hsin Sheng S. Rd. Taipei, Taiwan ROC T: (02) 772-2392
the Directorate General of Customs is responsible for inspection of imported shipments and collection of tariffs. Inquiries as to the current import status or tariff rates on categories of food and beverage products should be made through this department.	

ANNEX 1 - LIST OF RETAIL STORES IN TAIWAN - 1998

Retailer and Outlet Type	Ownership	Sales 1998 (US$Mil)	Number of Outlets (as of Oct. '99)
Supermarkets			
Wellcome Supermarket	Hong Kong / Taiwan	263	96
Sung Ching Supermarket	Local	78	24
Kasumi Supermarket	Local	-	17
Taipei Agr. Marketing Corp Supermarket	Local	84	18
Sinon Supermarket Hypermarket	Local	105	26
Hypermarkets			
Carrefour Hypermarket	French / Taiwan	1,081	22
Makro Hypermarket	Dutch / Taiwan	573	9
Dollars Hypermarket	Local	209	3
RT Mart Hypermarket	Local	418	12
Far Eastern Hypermarket	Local	337	7
Convenience Stores			
7 - Eleven	Taiwan	1,251	2,221
Familymart	Taiwan	301	775
Circle K	Taiwan	143	438
Hi-Life	Taiwan	225	585
3Q - Shop	-	-	520
SJ Express	-	-	256
J - Young	-	-	231
Niko Mark	-	-	186
Smart	-	-	46
Any Time	-	-	42
OTHER	-	-	245

Source: Distribution News 1999 (provided by USDA / FAS - "Taiwan Retail Food Sector Report - 1999"

ANNEX 2 - TRADE SHOW PREPARATION

Canadian exporters attending trade shows in Taiwan should be prepared to deal with a number of different questions and circumstances. The box below provides a list of questions and issues that exporters should be prepared for when meeting potential foreign buyers.

In order to prepare for your meetings with foreign buyers, here is a list of questions you will likely be asked and will be required to answer.

PRODUCT ✔ Description of export products ✔ Detailed documentation and brochures on your products and your firm ✔ Main characteristics that differentiate your products	**DISTRIBUTION** ✔ Distribution networks ✔ Do you export and where? ✔ Export network
DELIVERY ✔ Lead time for delivery	**ORDERS** ✔ Do you require a minimum order quantity?
PRICE ✔ Export price - F.O.B. from plant ✔ Export price - C.I.F., all included, to a major target city ✔ Will price vary according to volume? ✔ Is commission included in the price?	**TERMS OF PAYMENT** ✔ What method of payment do you prefer? (30, 60, 90 days/open account/ letter of credit) ✔ EDC insurance options
PROMOTION ✔ How will you help promote your products? ✔ Describe your promotion plan for prospective market	**PACKAGING** ✔ How do you package your products for exports? (specifications)
LABELLING ✔ Are your products approved by foreign authorities? ✔ Are your products labelled according to foreign regulations?	**COMMERCIAL OBJECTIVES** ✔ What are your commercial objectives for the target market? (volume of sales, market niche, trade intermediaries wanted)

Annex 3 - Business Hours and Holidays

Business Hours

Banking hours in Taiwan are:

- from 9 am to 3:30 pm Monday to Friday,
- 9 am to 12 pm on Saturday, and
- generally closed on Sunday

Standard commercial and industrial hours are:

- from 9 am to 5:30 pm, Monday to Friday,
- 9 am to 12:30 pm on Saturday and
- generally closed on Sundays

Since early 1998, Taiwan has adopted a system where the second and forth Saturday mornings of every month are a holiday.

Holidays

The following is a list of holidays in Taiwan, but it is a working guide only. Corroboration of dates with an agent in Taiwan is suggested before any ventures are planned.

There are four holidays and four festivals in Taiwan. Dates for the four festivals -- Chinese Lunar New Year day, Tomb-Sweeping Day, Dragon Boat Festival, and Mid-Autumn (Moon) Festival -- change with the lunar calendar. The following is a list of the four holidays and four festivals in Taiwan:

Holidays	Date
Founding Day	January 1
Chinese Lunar New Year	February 4 - February 8
Peace Memorial Day	February 28
Tomb-Sweeping Day	April 5
Dragon Boat Festival	June 6
Mid-Autumn Festival	September 12
Double Tenth/National Day	October 10
Dr. Sun Yat-Sen's Birthday	November 12

SOURCES

WEB DOCUMENTS	
Taiwan at a Glance	http://atn-riae.agr.ca/public/htmldocs/e1480.htm
Agriculture and Agri-Food Export Market Assessment Report (EMAR) on Taiwan	http://atn-riae.agr.ca/public/htmldocs/e1380.htm
Agri-Food Trade with Taiwan : MISB- Montreal	http://atn-riae.agr.ca/public/htmldocs/e1246.htm
Agri-Food Trade Action Plan for Taiwan - 1997	http://atn-riae.agr.ca/public/htmldocs/e1400.htm
Requirements to Import Food and Beverages into Taiwan	http://atn-riae.agr.ca/public/htmldocs/e1064.htm
Fact Sheet Taiwan	http://www.infoexport.gc.ca/docs/view-e.asp?fn=77061&lg=0
Newsletter - Success in Taiwan	http://www.infoexport.gc.ca/docs/view-e.asp?fn=success&lg=0
The Confectionery Market in Taiwan (June 1999)	http://www.infoexport.gc.ca/docs/view-e.asp?did=1378&gid=56
The Snack Food Market in Taiwan (August 1999)	http://www.infoexport.gc.ca/docs/view-e.asp?did=1526&gid=56
Consumer Patterns, Preferences and Shopping Habits in Taiwan (November 1999)	http://www.infoexport.gc.ca/docs/view-e.asp?did=3916&gid=56
The Frozen and Processed Entrees Market in Taiwan (November 1999)	http://www.infoexport.gc.ca/docs/view-e.asp?did=1526&gid=56
US Department of Commerce, Country Commercial Guide for Taiwan - FY2000	http://www.state.gov/www/about_state/business/com_guides/2000/eap/taiwan_CCG2000.pdf
Taiwan - Food Market Report	http://tradeport.org/ts/countries/taiwan/fdmrkt.html
USDA, Foreign Agricultural Service, Taiwan Promotion Opportunities Report (December 1999)	http://www.fas.usda.gov/gainfiles/199912/25556631.pdf
USDA, Foreign Agricultural Service, Taiwan Retail Food Sector Report (November 1999)	http://www.fas.usda.gov/gainfiles/199911/25546373.pdf
USDA, Foreign Agricultural Service, Taiwan Exporter Guide (October 1999)	http://www.fas.usda.gov/gainfiles/199910/25545990.pdf
USDA, Foreign Agricultural Service, Taiwan Agricultural Export Opportunities Report (October 1999)	http://www.fas.usda.gov/gainfiles/199910/25545965.pdf
Trading with Taiwan	http://www.wtdb.com/information/twgen/trading.htm
WEB SITES	

CANADIAN WEB SITES	
Agriculture and Agri-Food Canada	**http://aceis.agr.ca/**
Agri-Food Trade Service Online	**http://atn-riae.agr.ca/**
Department of Foreign Affairs and International Trade	**http://www.dfait-maeci.gc.ca/english/menu.htm**
Canadian Trade Office in Taipei	**http://www.ctot.org.tw/**
InfoExport	**http://www.infoexport.gc.ca/menu-e.asp**
ExportSource	**http://www.exportsource.gc.ca/**
Canadian Food Inspection Agency Regional Offices Directory	**http://www.cfia-acia.agr.ca/english/findus.html**
Export Development Corporation	**http://www.edc.ca/**
Canadian Chamber of Commerce	**http://www.chamber.ca/**
Canadian International Freight Forwarders Association	**http://www.ciffa.com/**
US GOVERNMENT WEB SITES	
US Department of Commerce	**http://www.doc.gov/default.htm**
US Department of Agriculture - Foreign Ag. Service	**http://www.fas.usda.gov/**
OTHER SITES OF INTEREST	
Big Emerging Markets Page	**http://www.ita.doc.gov/bems/**
Taiwan CETRA@NET	**http://www.tptaiwan.org.tw/**
TradePort	**http://www.tradeport.org/ts/**
Trade Point Taiwan	**http://taiwantradecenter.roc-taiwan.or.jp/welcome.htm**
Trade Show Central	**http://www.tscentral.com**
Canada Taiwan Trade Association	**http://www.jurock.com/ctta/**
Asia Pacific Regional Operations Centre	**http://www.aproc.gov.tw/main_e.html/**
Government Information Office - Republic of China	**http://www.gio.gov.tw/**
HARD COPY DOCUMENTS	
Dunn & Bradstreet Exporters Encyclopaedia - Taiwan, 1997	
Economist Intelligence Unit, First Quarter '98 Taiwan report	
Migra International Ltd- Canadian Export Guide.	
Asia-Pacific, Volume I, International Marketing Data	